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In the United States Court of Appeals
For the Seventh Circuit

No. 12399

UNITED STATES OF AMERICA, Plaintiff-Appellee, vs. **PAUL DE LUCIA,** Defendant-Appellant.	Appeal from the United States District Court for the Northern District of Illinois, Eastern Division. — Honorable Julius H. Miner, District Judge.

APPELLEE'S APPENDIX.

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United States Attorney.

JOHN PETER LULINSKI,
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Of Counsel.

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APPENDIX.

1-227 * * *

228 Chicago, Illinois,
Friday, May 9, 1958,
11:00 o'clock a.m.

Court convened pursuant to adjournment.

Present:

Mr. Barnett
on behalf of the Government;

Mr. Stewart
Mr. Green
Mr. Burns
Mr. Bernstein
on behalf of the Defendants.

And thereupon the following further proceedings were had herein:—

By the Clerk: No. 57 CR 154, United States of America v. Paul DeLucia and Joseph Imburgio, Bulger. Case on trial.

(Thereupon a witness was sworn by the Clerk.)

229 By Mr. Barnett: Before we start, I would like to know what is going on. I have received no notice of a motion. I would like to know what is going on.

By the Court: I don't know either.

By Mr. Stewart: I have several motions. One is to restriet the Government in the opening statement and I have to make a showing of fact with reference to the situation in the case on that.

And, part of my reason is that we have a full set of books that we deem accurate and I am putting on the witness who supervised and opened and kept those books and he could testify to them.

And, then, your Honor, there has been a settlement made with the Government. I have no doubt Mr. Barnett knows about it, but I want it in the record and I am going to argue from that that they have no right to go back of the period of the settlement; that the settlement was approved by the Tax Court and it is binding on both sides and that is concluded, certain facts are concluded.

Now, there is still another reason that I have for
230 making this showing. The net worth method, as your Honor knows, is an effort on the part of the Government to prove their case by circumstantial evidence, that is, very briefly, the accountant's work and the Government's witnesses will describe it to your Honor. As I find it described in the reported cases, they endeavor to show an open worth of assets at the beginning of a certain year in the indictment and then they show the closing worth and then they show the amount of income reported by the taxpayer and the taxes he paid and then they make the claim—if they can make it—that the taxpayer has increased in wealth beyond what he would have if he had paid his full taxes, or something like that. I put it clumsily.

But, it is a circumstantial method of proof and the Supreme Court has spoken on it in the Holland case and I have it here. I am going to ask for the privilege of reading from it but I though possibly it would be better to put my facts in first.

I am going to conclude, after I put in my evidence, by asking your Honor to not allow them to use the net
231 worth at all. If they do use it, the Holland case and other cases state that there is a certain obligation on

the part of the Government agents before they are entitled to use the method at all, or even after they decide to use it, they must follow leads which have been given by the taxpayer, if it is reasonable to do it, and investigate those leads and either accept what the taxpayer has informed them of or, if they got the information about the leads and if they ignore the leads, the law books seem to say that your Honor, as a judge, should just take those leads as being truthful and if they upset the circumstantial case, why, then, they have no case.

So, with those things in mind, if we had just an ordinary run of cases or if we were over in court, say in the State court and we were about to try a murder case and I wanted to eliminate certain things from the knowledge of the jury which would come first, in the way of an opening statement, I would probably stand up as a lawyer and give your Honor my notion of what the facts are, but, this is a case which requires expertness and I understand your Honor has had some experience along that line. I am not very good at it.

By the Court: I haven't, but I am willing to learn.

232 By Mr. Stewart: All right. I make no claim as to knowledge with reference to accounting or bookkeeping. I have to depend on people who have studied it, and, Mr. Bernstein is familiar with the case and I would like to make a showing to your Honor.

We have prepared some analysis and some statements and I have had them printed up. I have given this morning, to Mr. Barnett, a number of copies of that so that he can have them and, as I have mentioned to their expert here, I said, "We may have put down some expenditures that are in excess of the ones you have."

I mean, in other words, we are trying to get such facts in this case. And, after I put in the evidence, then your Honor will hear me as to whether or not they might use the net worth method.

Now, supposing your Honor rules against me. Your Honor will have a better understanding of the case and other objections will have come up during the trial and you will know better what the foundation of our position is.

233 Now, I have got this Holland case here and I will read that to you after we examine the witness, if you permit that examination.

234 I think after reading the Holland case, I could stand here and take the position that the Government has to do this for your Honor; that they must show that our books are inaccurate, are not to be relied upon before they are entitled to use the net worth method. But I am going further than the law requires me to go.

If I understand this case correctly, your Honor, I don't believe they have a case. Now the sooner we can find that out, the better.

Before your Honor can pass on whether they should use the net worth method or not, in any of these cases you read, you will find they consider the books of the defendant, that is, the Government must consider them, and then after the Government considers them, they do have a right in some cases to just reject them and say they won't rely on them, they won't have anything to do with them. But that can't be done in an arbitrary manner, and your Honor can always review that decision.

You see, the case must be decided with reference to the facts in the particular case, and you can't rule, with all due respect, you can't rule with any intelligence un-

235 less you know the books that we have. These books have been submitted to the Government, and they are familiar with them.

When I was down endeavoring to make this stipulation, we had three conferences, and I could have easily gotten into a quarrel down there, and then we would have ac-

complished nothing. We didn't want to burden your Honor about all the different things that we talked about, but I gather from my conversations there that they were just going to ignore our books or not use them, and I had to wait until we got into court.

Now, I want to put them in. I want to put in the expert analysis that has been made, and also, your Honor, the Government has, according to our stipulation, put in a number of parole reports.

The reason the Government wanted to put them in, of course, is very evident if you look at the reports because the Parole Board required Mr. DeLucia to make a report each month as to what his expenditures were, what his income was, and the Government has those reports. They obtained them from the proper agency, and we have agreed that they are accurate and they are here in
236 evidence.

Now, through my expert we have made an analysis, and your Honor doesn't need to look through all those reports covering a period of years. Your Honor will have before you a printed analysis of those reports. Then if the Government—they have their experts and they have a copy of this, and they can go over them.

Maybe we can save a great deal of time by taking up a little time now and acquainting the Court with the situation. It is in the absence of the jury, and I can't see how anybody can be harmed by it.

By the Court: Have I a right to anticipate the course of procedure to be followed by the Government? Have I a right to tell them what books or what type of evidence they can resort to and use?

237 By Mr. Stewart: I think Judge Clark in the Supreme Court has answered that question for you. Do you want me to stop and read that now?

By the Court: Yes, I would appreciate to see whether I have that power.

By Mr. Stewart: Do you mind if I sit down, Judge?

By the Court: I want you to, please, be comfortable.

By Mr. Stewart: It is a little bit long. This, I think Mr. Barnett will agree with me, is the sort of Bible of this type of case. Judge Clark states in it that these cases have become numerous. There was a time when the Supreme Court was rejecting and turning down petitions for certiarari because it appeared to be just another matter of trying to get the Court to look into the facts, but so many of them came that the Supreme Court finally decided that they had better settle some of these problems that are involved in these cases.

So it will answer the question that your Honor just asked me. It will take me a little time. You know, I feel like apologizing for reading it at some length, but I

238 think the time will be well spent, your Honor.

"Petitioners, husband and wife, stand convicted under Section 145 of the Internal Revenue Code of an attempt to evade and defeat their income taxes for the year 1948. The prosecution was based on the net worth method of proof, also in issue in three companion cases and a number of other decisions here from the Courts of Appeals of nine circuits."

By Mr. Barnett: Will you give the citation, please, Mr. Stewart?

By Mr. Stewart: 348 United States 121, and I am reading from page 124.

By Mr. Barnett: Is that Holland vs. United States?

By Mr. Stewart: That is right.

Thereupon Mr. Stewart reads.

* * *

239-262 * * *

263 * * * By the Court: Do you take the position, Mr. Stewart, that it takes a preliminary hearing and testimony to determine those questions?

The Court always has the right, where there is an income tax case, a murder case or any other kind of a case, to determine the sufficiency or insufficiency of the Government's case.

Nowhere has it been indicated, as I see it right now, that as I sit here, right now, I can say to the Government, "You can't proceed; you didn't follow those leads."

264 By Mr. Stewart: Well, Judge, we may be pioneering a little. After I read this trial court decision, then I would like to address myself to the problem that seems to be in the mind of the Court.

Your Honor, I am reading from 121 Fed. Supp., United States v. Riganto.

* * *

265-272 * * *

273 Now, in the case at bar, your Honor, supposing your Honor should say to me now: "I am not going to let you show anything by Mr. Bernstein". Of course, we would have to accept that, which might be an abuse of discretion. In order to show what I was trying to do, I would still ask your Honor to allow me to go ahead and put it in as an offer of proof.

If we do lose this case here and do get into the upper courts, I would like to show we were trying to straighten it out beforehand.

You know, without my arguing it beforehand, I have given an analysis of these books to the prosecutors and to their experts. If you don't listen to us now, it will come piecemeal during the trial when their expert is on and, when I am cross examining and say, "You have seen them; how about this summary Mr. Bernstein has made? Is that accurate or inaccurate?"

We would get into the same thing, piecemeal.

By the Court: Everything you read is fundamental. I don't quite agree with the trial court in his doubts about the net worth theory. I am fully in accord with him
274 on the nature of the proof. It has got to be substantial and truthful and the court must watch it with a high degree of caution.

I have seen nothing or heard nothing about the right of the court to anticipate anything and to prejudge it.

I have no objection to your making an offer of proof, but I am not going to follow you on defense testimony.

By Mr. Stewart: If I may make my offer of proof, I will proceed with that.

By the Court: I have no objection.

By Mr. Barnett: May I say something, first, your Honor, before you proceed with that, sir?
275 The last case that Mr. Stewart was reading from is United States v. Riganto, which is referred to in the Holland case opinion as being one of those cases which they reject.

By the Court: Didn't I say that? Didn't I note that?

By Mr. Barnett: Yes, but I wanted to let your Honor realize that the Holland case had considered that particular case that he has been referring to.

As I understand it now, your Honor is going to permit him to question Mr. Bernstein, is that true?

By the Court: I think he has a right to on every theory of the law and rules of procedure, to make his record.

By Mr. Barnett: I concede that it is entirely discretionary with your Honor.

By the Court: Oh, yes. I wouldn't bar him from making his record.

By Mr. Barnett: The thing I am working against is being put in a position where I am trying the case out-

side the presence of the jury when we already have a jury selected for that.

By the Court: You haven't the jury here, and this
276 is merely an offer of proof, so that if the Court errs in his final judgment, they have it in the record and, as he says, he wants to explore the field.

By Mr. Stewart: Yes, your Honor.

By the Court: Proceed.

EUGENE BERNSTEIN, called as a witness on behalf of the Defendants, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Stewart.

Q. State your name, please.

A. Eugene Bernstein.

By the Court: No, I thought I said it would be an offer of proof.

By Mr. Stewart: Yes. I want to put it in by the witness. It is an expert matter. I am not capable of doing it myself. It won't be long.

By the Court: How long will it take?

By Mr. Stewart: Before the morning is over. It is ten to 12:00 now, and I can finish before that, I am quite sure.

277 By the Court: All right. Let's see what it is—only because I don't want to overrule you, being an expert.

By Mr. Stewart: You will find that out.

* * *

278-334 * * *

335 * * * By Mr. Stewart: Judge, you said you wanted all the motions disposed of.

Mr. Barnett, I am going to talk about the stipulations. Do you want to get your copy and follow along?

By the Court: What I am thinking when I say I want to dispose of all the motions—I don't mean to bar you from making any more motions—I mean all motions that are essential to dispose of before we get into the case with the jury.

By Mr. Stewart: I think it is rather important
336 to have your Honor pass on this before Mr. Barnett makes his opening statement.

If I am right about it, he shouldn't be allowed to make this in an opening statement and if he does make it, you can never erase it from the minds of the jurors.

That is, he has, in stipulation No. 1:

"It is stipulated and agreed that Paul DeLucia entered the United States through the Port of New York on August 10, 1920, under the name of Paul Maglio;

"That Paul DeLucia became a naturalized citizen of the United States of America on September 27, 1928, in the United States District Court at Chicago, Illinois;

"That he changed his name from Paul Maglio, as it appears on his petition for naturalization, Government's Exhibit 1, to Paul DeLucia, as it appears on his certificate of naturalization, Government's Exhibit 2;"

Now, I have no quarrel with that. It is the fact. But, it has nothing to do with the case you are about to try.

337 By the Court: Do you intend to go through with that, except under impeachment, Mr. Barnett?

By Mr. Barnett: No, your Honor. I expect to show this man's history from the year 1920 down to the present time; to show how much money he took in and how much money he expended.

By the Court: I am talking about the change of names. What has that to do with his income?

By Mr. Barnett: Nothing, except on the face of the certificates themselves they show that change of name.

By the Court: I think we ought to confine ourselves to income and money, unless he takes the stand and they bring it in some way.

By Mr. Barnett: I have no intention of playing on that change of name.

By the Court: You may show that he came to this country at a certain time.

By Mr. Barnett: In fact, so far as my opening statement is concerned, that's all I intended to allege.

By the Court: It may be prejudicial to show he changed his name unless he takes the stand or somebody brings it into issue. Of course, then the matter is wide open.

338 • • •

339 By Mr. Stewart: There is another one here also:

"That on December 22, 1943, in the United States District Court for the Southern District of New York, in Case No. C-114/101, Paul DeLucia was convicted of conspiring to extort money from producers and exhibitors of moving pictures during the years 1935 to 1940 in violation of Subdivision (d) of Section 420(a), Title 18, United States Code Annotated."

340 By the Court: I was thinking about that. You can stipulate to that, with the exception that you reserve the right to raise the objection to its admissibility and propriety.

By Mr. Stewart: That is right.

By the Court: I told you you could, on that stipulation.

By Mr. Stewart: That is right.

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341 • • •

342 • • • By Mr. Barnett: If he objects to this as it is at this point, I would not put it in, your Honor.

By the Court: All right. That is the answer.

By Mr. Barnett: That disposes of that.

* * *

343-370 * * *

371 AND THEREUPON MR. STEWART ADDRESSED THE COURT AND JURY IN OPENING STATEMENT ON BEHALF OF THE DEFENDANT PAUL DeLUCIA:

By Mr. Stewart: Ladies and gentlemen of the jury, some of you told me that you had been on juries before, so you have a general idea of the purpose of an opening statement.

You have been told by those lawyers over in the civil cases that the opening statement is not evidence. The
372 case is going to be submitted to you after the evidence is heard.

Now, we are going to try to be helpful to you. I am going to try and tell you the story of the case as I see it, and I am going to do my best to reduce it to simple language.

373 I think there is a danger here that the defendants are in—of course, any defendant who is indicted is in danger—but there is a danger of confusion. That is where you mean well, you have promised you would give us a fair trial, but you have to know what the charge is and you have to know what is disputed and what isn't disputed.

You have to know a little something about the case in order to listen to it intelligently. If we didn't make any opening statement at all, and of course, we have that right —we could waive it—but you will hear things from the stand, and they are entirely disconnected. You don't know where it fits. You don't know whether this is disputed or not disputed, and it keeps you more or less in a way of

suspense of mind, and as you go through day after day of that, why, it will be a great hardship to you.

To me, as far as I can tell—you know, I haven't heard the Government's evidence yet. We try to get ready
374 in these cases. We try to find out as much as we can about what we are charged with.

We get a copy of the indictment, and that is in legal language, and it doesn't tell us very much. But we have a general idea, an overall picture, of about what it is.

Now, if I just stand here and tell you that I don't think they can prove their case, that would just be my opinion and you could discount it, and the Judge might even say "This isn't the place for such a statement; it is not the place for an argument."

But I want you to know that that is our position. We don't believe they can prove a case here.

Now in order for you to see whether or not I am right, you have to know what kind of a case they have to prove.

I think Judge Miner will tell you at the conclusion of the case—you see, the trouble with the Judge's instructions is that you don't get them until the end of the case. But
when that time comes, he will tell you that these folks
375 are not on trial for anything except what is in this indictment.

You said you would be fair with us, and of course, being fair means that we can talk to you about some things that you might not like in the way of conduct, but you will have to remember the defendants are not on trial for that, because I am going to talk to you frankly about some things.

One reason why the Government is going to be able to prove some rather detailed income and some rather detailed expenditures as far as DeLucia is concerned is that he was on parole for a period of time, and they have parole reports. Those are official. They are filed with the Parole Agency.

If you know anything about parole, and I suppose everybody knows something about parole, a person first does the time that he has to do, and then he is not released absolutely. He is given sort of a trial outside. He is still under the jurisdiction of the prison and parole authorities.

376 In order to demonstrate that he has become rehabilitated and is entitled to his full liberty, he has to spend a period of time in which he has to follow the rules and regulations of the parole authorities. That includes making a monthly report, showing what money he has taken in and what money he has paid out.

They feel that they have a right to know those things because they want to know what a person is doing and how he is getting along. I suppose the theory is that if a man were hard up, he might be tempted to digress from the law.

Any how, they apply those things to everybody, and they required Mr. DeLucia to make parole reports, and they were made over a period of years, and they are here. They show disbursements and income.

377 Now I think as we go along it will be revealed to you, but I don't see any harm in my telling it to you now, we had some conferences with the Government prosecutor, and we tried to save you the time of listening to a great deal of things that we know they can prove.

They can prove certain expenditures, and we made a stipulation so if Mr. Barnett wants to, instead of bringing in witnesses that, for instance, Mr. DeLucia paid an insurance premium or had bought an annuity for one of his children or something like that, where he had an expense, why, these folks preparing a case for the Government, their revenue agents and their expert accountants, and they go around to the various places, go to a brokerage house and get a statement of the account there, and

get a piece here and a piece there, and they are able to piece together expenditures.

Now, that we felt sure that they could prove or that we knew were a fact, we have agreed that the Government can put them in without any proof of the details or even bringing the witnesses here.

They are going to rely—Mr. Barnett has just told you, but I will tell it in a little different way probably—they are going to rely on circumstantial evidence.

Judge Miner will tell you that that is legal evidence, but it has certain restrictions, commonsense, that the law puts on circumstantial evidence.

Now, circumstantial evidence in a tax case has been used a number of times, and it has been given a name. They call it a net worth proceeding. I suppose the Government would delay this explanation until they put on one of their experts. I don't pretend to be an expert. I don't know a whole lot about bookkeeping or accounting. As a matter of fact, I get confused with those things, but I read the law books, and I know in a general way what is meant by the net worth method. I think it would be well for me to explain that briefly to you, as I understand it.

A taxpayer, as you know, is supposed to make a return. You probably have all made them. You set up what your gross income is at the top first—unless you use a short form, of course, and that we don't have to talk about because it wasn't used here.

You set up your gross income, and then you take off for your dependents, and you take off for various allowances and if you are in business, you have to know something about the Government regulations, and you take off certain expenses of your business, and it brings you down to what is called the net income, and then you figure your tax on that.

By the way, there is no claim that I know of, and the indictment doesn't indicate any and I didn't hear Mr. Barnett say anything—Mr. DeLucia is not charged with cheating the Government by claiming dependents that didn't belong to him or taking an expense that doesn't belong as a business expense. He is not charged with cheating in any way as far as the returns are concerned, as far as I know.

The only claim the Government makes, as I understand it, is that he paid on an income which was less than his actual income, and he concealed from the Government additional income that he should have paid on.

380 We are only here to face three years, as Mr. Barnett has told you, 1948, 1949 and 1950. There is a statue of limitations, you know, about years way on back. Anyhow, they haven't put any other years in the indictment, and those are the only years you will be concerned with.

Here is the way the net worth system operates. If the Government has a good case, they can do it in this way: They can take the 1948 year, however they can do it directly—very often they have a case where the taxpayer has gone down to the office and explained and told exactly how much he had, and they have that written up and signed, and they do if that way. But however they do it, they can show to the Court and to you on the jury what the person had at the beginning of 1948.

Then they can show through some evidence, one way or another, what he had at the end of 1948, and they know from the tax return what he said he had as a gross income and what he deducted and what taxes he paid, so they know how much his net income is.

381 So, by figuring out, they know about how much he should have available to spend during that year, provided he was only spending out of income. You see, if

they can prove that he was only spending out of income, and he spent more during the year than he could possibly have, then they have got maybe a circumstantial evidence case.

But, if you have a man who has been handling large sums of money and he has much more money than they say he had in the beginning of the year, and he spent money, then just proving his expenditures doesn't get them anywhere.

As a matter of fact, I can tell you frankly now that the Government is going to be able to prove in this case that the expenditures ran into large sums of money.

But, it is our position here that Mr. DeLucia paid the Government every cent he owed them and he paid considerable amounts in income tax.

I will tell you a little something about his history with the Government, because it is all going to come out.

382 As I say, if they are going to make any case at all, they are going to make it by what they call circumstantial evidence. Judge Miner will tell you you shouldn't be confused about this evidence that goes back to 1939 and 1940. We are not on trial for that.

They do have the right to show the financial condition, if they can. Some of these cases I have read, they show where a man was working years back as a cook and he only had a small salary and he had the furniture taken away from him on a foreclosure; where somebody had $25 and he couldn't pay it.

Well, they could start with that fellow. He was broke. He claims he had some money on hand. It can be shown, to a reasonable degree.

If you are dealing with a man who has been handling large sums of money and large sums of money in cash, you have got a different situation.

Now, you will find in the indictment, as Mr. Barnett told you, that the first count is for 1948. Judge
383 Miner will tell you that you have to make up your mind after you get out into your jury room, whether you will find Mr. DeLucia guilty or not guilty on that count.

Mr. Bulger is not in that count. He is not in the first three counts at all.

And, you have to give him the same kind of trial for 1948 as you would give him if nothing else was here.

And then, you determine whether or not—then, you look at the indictment and it says that he cheated the Government out of this money by making false statements. That is in the beginning.

There are two dates set out for these false statements, September 1, 1954, before a special agent, Thomas N. Smith, Special Agent Richard S. Stonesifer, and Special Agent John H. Scholz. That is September 1, 1954.

384 And then, on November 19, 1954, before Assistant Regional Counsel Joseph King, and so forth, Mr. Bulger gave some testimony. Mr. DeLucia wasn't there that second time.

Now, there was a reporter present on September 1st in the Treasury Department, as the Reporter is here taking down what I say. And, the reporter wrote it up afterwards and, it is a little too long for me to read, but it will be here in evidence and you will have a transcript of what was said.

And, as we are putting this evidence in, remember, we can't stop and tell you what the purpose is or what our idea is about it. You will just have to listen to it and wait until the case is argued to determine what we think about a piece of evidence.

I don't mind telling you now and telling Mr. Barnett, too, I don't see how in the world he can make out a —

By Mr. Barnett: It sounds like argument to me, Judge.

By the Court: Yes. We are getting into argument.

385 By Mr. Stewart: I don't want to argue.

By the Court: I don't disagree with counsel; the purpose is merely to advise you what it is, not to get into any controversy at this time.

By Mr. Stewart: I will try to keep out of controversy, your Honor.

You will find that when this is before you — and, it is rather long or otherwise I would read it to you, but, it is so long. But, I can give you the general gist of it. I will tell you in a general way what happened.

You see, the Government people were investigating the income tax returns of DeLucia and they wrote him a letter and addressed it to 812 North Lathrop Avenue, River Forest, where he lived, and this is more or less a formal procedure. I suppose they do this with a number of taxpayers. They write a letter and they say, "We are investigating and, pursuant to our policy, you can come down and explain some things to us."

So, we went on down there. Now, Mr. DeLucia didn't open his mouth. He didn't say a word. You know enough law to know that we had a right to either talk there or not.

386 By Mr. Barnett: Your Honor, again I think he is getting into argument.

By the Court: Yes. Well, it is on the borderline. Proceed.

By Mr. Stewart: And, the sum and substance of what we said there — I can sum it up to you now, and, in order to do that I have to tell you a little more about the history of Mr. DeLucia with reference to his troubles with the Government.

We can't be like an ostrich and stick our heads in the ground and hope you won't discover it, but, it comes in incidentally.

I told you about him being on parole. The evidence will show he was discharged from parole. Of course, you can't be on parole unless you have some kind of trouble with the Government first, in the way of a conviction.

The evidence will show that there was a conviction and that a couple of men testified, against these people, to large sums of money. The reason that that comes in in the Tax Court case, is that, after that conviction — that was held in the East, the trial was, and a group
387 of men were charged with shaking down or extorting money from people in the moving picture industry.
388 There was a witness by the name of Bioff and a witness by the name of Brown who claimed they were in this scheme as conspirators, and then they turned evidence for the Government and went on the stand and testified to large sums of money and it was called a million dollar case.

Now, what the Government people did after that conviction — they took that testimony and Bioff told about how he received — he acted as the one who carried the money from the people who were paying it out, the movie picture executives. He claimed that he carried this money and he brought it to Chicago and he gave it to these defendants.

And, he testified as to the arrangement, about how much each one received. I believe there was two-ninths went to each one that was named in the group, and that included Mr. DeLucia.

After the trial and after Mr. DeLucia was sentenced, the Government Revenue agents came along and they

said, "Now, you fellows, you owe us taxes on this million dollars."

389 And, if you know anything about tax procedure or tax claims, they have what they call a "90 day letter"—that is, after the Revenue people, the Intelligence agents, work on it and the Revenue agents work on it, they come to a conclusion that you owe so much and they write you a letter and tell you what that is.

That has a definite name in law. They call that a "90 day letter."

The Government wrote all these 90 day letters to these various people who were in that group and they said, "You owe us a lot of money." They put a big figure in there.

Now, at that time, it was proceeded as a civil matter. The Government was just looking for the money.

Mr. Bernstein represented Mr. DeLucia and these other taxpayers and, being a lawyer and representing the taxpayer, he did what you would expect he would do. He went to them and said, "We don't owe you this money and our tax isn't this big."

390 A settlement was reached and the reason it comes in here is that the Government claimed at that time —if I am correctly informed, and you see, this has to be done more or less by experts who make an analysis of these things—and, Mr. Bernstein, who is an expert—and we also have another expert here who is also a lawyer and who specializes in these accounting problems arising in tax cases, Mr. Joseph Burns—they are the experts for the defense.

The Government has experts, of course, because those are the people who work for the Governmental agencies.

So, if I am correctly informed, these men, Mr. DeLucia, got about $400,000 out of that and paid taxes on it.

Now, he made it in the way of a settlement and the

tax didn't come as high as it would be if he admitted the whole $400,000, but, anyhow, the tax was settled and the lawyers went into court.

Mr. Bernstein went into the Tax Court and a judgment was entered and that settled that.

391 Now, you have to apply certain rules of law which are, at the same time, common sense, and, that is, a settlement closes the books and both sides are foreclosed, and the only thing that will come in here will be whether or not these Government people are going to give us credit for having that $400,000 at that time.

They said we had it at one time and made us pay on it. Now what they say here you will listen to as you go along.

Now, as I told you, we tried to analyze this thing and we have tried to agree with the Government on things that we are not disputing and Mr. Bernstein and Mr. Burns have made out an analysis of these parole reports and, by the way, I think the evidence will show and we will have a change to argue it later, that it was very important that Mr. DeLucia report correctly to the parole people and I don't believe the Government is going to claim here that there was anything wrong or anything that was then done that was wrong in those reports.

392 In order to make those reports, Mr. Bernstein opened a set of books and they are here and Mr. Bernstein, when it comes our turn to put in evidence, will testify that those books are correct and accurate and show the disbursements made.

As we go along with this case, of course, it won't be our turn while the Government is putting on their case, but, I probably will have a chance, although I am not an accountant, but I will have a chance to ask them "Did you allow this money that we call the movie money? How much did you allow us on that?" And, you watch for

things and you will find that there isn't a great deal of difference on a great many things that are going to be talked about here.

That is, when they are putting on the disbursements, why, the chances are we will not dispute it at all.

Of course, they have to do that in order to build their case, but, when it comes to the analysis of it, it will be a question of whether they are able to make out a cir-
393 cumstantial evidence case. In order to do that, they will have to include the things they think they need. Of course, if they don't include what they think they need, they won't have any case.

You won't find any meeting on September 1st where they said it went over, where my name is mentioned. You won't find anything about me saying Mr. DeLucia had $300,000.00. I was just mentioning, Mr. Bernstein was mentioning it because there had been several investigations and one was a Kefauver Committee investigation. You remember reading about that, probably, in the paper.

We have a volume of their printed report here and we made out an excerpt which was copied out, and had it printed, the testimony of Mr. DeLucia.

Now, this was held back in 1950. He was on parole at that time and he couldn't go in there and say he would take the Fifth Amendment. If he did that, they would call it a parole violation. He had to testify and he had to answer questions to anything about which the Senators and counsel for the committee wanted to ask him
394 about.

He went into this detail about his financial condition. They were out to do that.

It was there before the committee in 1950 that Mr. DeLucia told that committee he had $300,000.00 as a sort of a fund, a cushion, and he borrowed other moneys which

increased the money he had as a cushion which he felt he needed and had to have, that is, while he was out on parole and he couldn't perform any activity that the Parole Board would think was illegal. What he had at that time was a farm and it wasn't just some little simple farm; it was 1100 acres, which was afterwards sold for $500,000.00.

The expenditures will show that he built barns and purchased rather expensive machinery and things like that.

But, they won't be able to prove he had that and made those expenditures by cheating the income tax people out of their income tax, because, I am pretty sure when you get all through with this case, you will find Mr. DeLucia paid all the tax he ever owed them and it ran into considerable amounts of money.

395 If you listen, which is all I can ask you to do, and keep your minds open and give us a chance to talk to you again before you arrive at your verdict, I think before you are through, we can prove these defendants are not guilty.

396-430 * * *

431 * * * By Mr. Barnett: I intend, Mr. Stewart, to read Stipulation No. 1 as it is presently prepared, in the light of your previous objection concerning the proof of conviction, and I think before we start, he should have an opportunity to look at it.

By the Court: Come again, please?

By Mr. Barnett: I have redrafted Stipulation No. 1. If Mr. Stewart has no objection, I will read it.

By the Court: In the light of my ruling, you withdrew that?

By Mr. Stewart: Put in "duly." He was "duly" paroled.

By Mr. Barnett: Remained on parole until he was discharged.

By the Court: Tell me—Mr. Stewart, in his opening statement to the jury, went into the entire convic-
432 tion.

By Mr. Barnett: That is right, your Honor.

By the Court: I doubt that now there is any inadmissibility.

By Mr. Stewart: There is a great deal of difference between me stating a fact and the prosecutor putting in details. We are objecting to his putting in details as a part of his case.

By the Court: I overruled the objection. You opened the door and when I heard you say that, in the light of our discussion previously—I overruled the objection. I thought you were going to keep that from the jury entirely.

By Mr. Stewart: It would be impossible, Judge.

By the Court: Then it goes in and I can't bar the Government, in the light of your opening the door.

433 By Mr. Stewart: I still have a record. We will take up, if we may, one thing at a time.

The only thing before the Court is the proposed Stipulation No. 1. I see no objection to it except that I asked Mr. Barnett to add a few things to it. It isn't vital whether he does or not.

He states in here the date of the parole and the date the parole ended, and I was asking him to incorporate that he was duly paroled and, on March 7, 1954, he was duly discharged from parole, which, of course, is the fact.

If he had a witness here I would have the right to bring out the facts they want to bring out.

By the Court: If that is the fact, I see no objection to it.

By Mr. Barnett: Paul DeLucia was paroled from Leavenworth, that is, on August 13th he was paroled. He remained on parole until March 7, 1954. I have no objection to inserting that he was discharged from parole. He wants me to insert the word "duly" in there.

By the Court: I don't see any objection to saying he was discharged from parole.

434 By Mr. Stewart: Mr. Barnett may read this subject to the objection that I have and, as your Honor said, the force of it is somewhat weakened a little bit because of the fact that I talked about it in the opening statement, but, that is the way I am going to try the case.

By Mr. Barnett: Now, your Honor, I want Mr. Stewart to be acquainted with the fact that before I put on any witnesses, I am also going to read another stipulation too, which concerns the various income tax returns. I think he knows the stipulation. I don't think there is any objection to it, other than relevancy.

By Mr. Stewart: I don't see any objection to it. As to the relevancy, we made that point when I preliminarily put Mr. Bernstein on. Our position is they should be permitted to go back of the years of the indictment.

By the Court: I think I ruled on that.

By Mr. Stewart: Yes. That is the only comment I have.

By the Court: All right. Bring out the jury.

(Thereupon the following further proceedings were had in open court in the presence and hearing of the 435 jury, as follows:)

By the Court: Good morning, ladies and gentlemen.

Proceed, Mr. Barnett.

AND THEREUPON, THE GOVERNMENT, TO MAINTAIN THE ISSUES ON ITS BEHALF, INTRODUCED THE FOLLOWING EVIDENCE, TO WIT:

By Mr. Barnett: Your Honor, I have some stipulations which I would like to read to the jury, if I may.

436-513 • • •

514 • • •

Chicago, Illinois,
Monday, May 12, 1958,
2:00 o'clock p.m.

Court convened pursuant to recess.

Present:

Mr. Barnett
Mr. Quan
on behalf of the Government;

Mr. Stewart
Mr. Green
Mr. Gorman
on behalf of the Defendants.

And thereupon the following further proceedings were had herein:—

By the Clerk: No. 57 CR 154, the case on trial.

515 By the Court: Everybody here?

By Mr. Barnett: I think so.

Shall we proceed, your Honor?

By the Court: Proceed. Bring out the jury.

(Thereupon the following proceedings were had in open court in the presence and hearing of the jury:)

WILLIAM M. RUGGABER, called as a witness on behalf of the Government, having been previously duly sworn and examined, resumed the stand and testified further as follows:

Mr. Stewart: That's all the cross examination, your Honor.

Redirect Examination by Mr. Barnett.

Q. Mr. Ruggaber, Mr. Stewart asked you concerning the procedure that followed after a notice of deficiency, or, what is commonly called a ninety-day letter is concerned—what happens thereafter—and he asked you if it was not a fact that the taxpayer, upon receiving
516 such a letter, either had to contest it or pay the tax.

Do you recall that?

A. Yes, sir.

Q. The taxpayer has another option, does he not, that is to say, he may pay the tax and sue for refund if he desires to, may he not?

A. That is correct.

By Mr. Barnett: Your Honor, I gave to Mr. Stewart a certain Government's exhibit, No. 55, over the noon hour.

By Mr. Stewart: Can you wait? I gave it to Mr. Bernstein and he hasn't appeared yet.

By the Court: Maybe that is why he is late.

By Mr. Stewart: Are you going to offer it?

By Mr. Barnett: I have offered it, Mr. Stewart. We will wait and see if there is any objection to it.

By the Court: Do you want to look at those?

By Mr. Barnett: I don't need it now, your Honor,
517 I can proceed with another witness before I finish with this one.

By the Court: All right. Proceed.

By Mr. Barnett: I have no further redirect examination of this witness, your Honor.

By the Court: Do you want to reserve the right to call him again?

By Mr. Barnett: Yes, if I may, I would like to reserve the right to recall him later.

By the Court: You may be excused, with the right to be recalled later.

(Witness excused.)

518 CLAYTON MARSH, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

Q. Will you tell us your full name, please?

A. Clayton C. Marsh, M-a-r-s-h.

Q. Where do you live, Mr. Marsh?

A. 744 Indian Trail, Lake-in-the-Hills, Algonquin, Illinois.

519-527 . . .

528 By Mr. Barnett: Your Honor, at this point I would like to read a couple of paragraphs from Government's Exhibit No. 57, the petition of the taxpayer in the Tax Court.

By the Court: You may proceed.

By Mr. Barnett: The heading on this document is "The Tax Court of the United States."

Mr. Paul Lelucia, alias Paul Ricca, alias Paul Salvi, Petitioner, vs. Commissioner of Internal Revenue, Respondent, Docket No. 8803.

Now, I quote:

"Petition. Your petitioner, Paul LeLucia, whom the Commissioner of Internal Revenue, in his notice of deficiency, also decsribes as alias Paul Ricca, alias Paul Salvi, hereby petitions for a redetermination of the

529 deficiency set forth by the Commissioner of Internal Revenue, in his notice of deficiency, SN:IT, dated May 1, 1945, and, as the basis for his proceedings, alleges as follows:"

Therein there are certain forms of statements that I will not read to you now, with the exception of Paragraph 3, which says:

"The taxes in controversy are income taxes and penalties thereon for the calendar years 1935, 1936, 1937, 1938, 1940 and 1941, in the amount for each of the respective years as follows:"

And then, the figures are set forth and the total for the years 1935 to 1941 of income tax comes to $92,090.99 and fifty per cent penalty comes to $47,540.73.

Now, I skip over to page 8 wherein, in continuing this document it says:

"As to the calendar year 1935"—I skip down to
530 Paragraph C thereof and I quote:

"That the income tax files for the calendar year in question fully accounts for all the income received during said calendar year.

"D. That the tax previously paid by your petitioner for the calendar year in question is a full and complete discharge of the tax liability of your petitioner.

"E. That the inclusion of the item of $44,757.06 for the calendar year in question is not founded on fact but is conjectural.

"F. That the inclusion of the item of $44,757.06 by the Commissioner as income for the calendar year in question is based upon conjecture and is without basis and fact in law; that the inclusion of said item of forty-four et cetera was done to harass your petitioner.

"I. That there is no basis for increasing the item
531 of income in the sum of forty-four thousand et cetera or any portion thereof.

532 Then, on Page 9, as to the calendar year 1936, I quote from Paragraph C thereof:

"That the income tax files for the calendar year in question fully accounts for all the income received during said calendar year."

Paragraph D.

"That the tax previously paid by your petitioner for the calendar year in question is a full and complete discharge of the tax liability of this petitioner." And it goes on into figures which are essentially the same language which I read to you with respect to the year 1935.

Page 10, with respect to the year 1937. Paragraph C.

"That the income tax filed for the calendar year in question fully accounts for all income received
533 during said calendar year."

Paragraph D.

"That the tax previously paid by your petitioner for the calendar year in question is a full and complete discharge of the tax liability of your petitioner."

Similar language as I read to you concerning the year 1935 thereafter follows.

534 On Page 11, with respect to the year 1938, Paragraph C.

"That the income tax filed for the calendar year in question fully accounts for all income received during said calendar year,"

and D,

"That the tax previously paid by your petitioner for the calendar year in question is a full and complete discharge of the tax liability of your petitioner."

The same language is repeated for the year 1940 and for the year 1941.

The document at the tail end reads as follows:

"Wherefore your petitioner prays that this court may hear this proceeding and redetermine the tax liability in this case in accordance with the law and the evidence."

Then appears the handwritten signature "Paul De-
535 Lucia, Petitioner," and "Eugene Bernstein, Counsel for Petitioner."

I can't make out what follows immediately after "Eugene Bernstein." It looks like the abbreviation for Attorney, "Atty."

Then the Jurat:

"Paul DeLucia, being duly sworn, says that he is the petitioner above named, that he has read the foregoing petition and is familiar with the statements contained therein and that the statements contained therein are true except those statements made as to information and belief, and those he believes to be true." Signed, "Paul DeLucia."

"Subscribed and sworn to before me this 9th day of July, 1945." It looks like "S. E. Young, Notary Public."

By Mr. Barnett:

Q. I will leave Government Exhibit No. 56 with
536 you, Mr. Marsh, so that you can refer to it if you need to.

After receiving this case in your office in 1945, Mr. Marsh, what was the first thing you did in connection with it?

A. I studied the case to find out the issues, what the adjustments which had been made in the deficiency notice were and the exceptions taken by the taxpayer in the petition to the Tax Court.

* * *

537-698 • • •

699 • • • By Mr. Stewart: Out of the presence of the jury, Judge, Mr. Barnett and I had a conversation which doesn't appear of record concerning his offer of the reports by the other agents, Mr. Ruggaber and Mr. Klein.

I had the advantage of looking at the Ruggaber report over the noon hour, and I suggested to Mr. Barnett that if he is going to use it, he could probably censor portions of it which might sound prejudicial to a jury—the use of the term "hoodlums," and so forth and so on.

When I made that statement, why, Mr. Barnett at that time decided that rather than be confronted with such objections, he wouldn't even offer it.

700 But now I believe that the case has developed to the point that a correct understanding of the record requires those reports to be in.

So I will withdraw my objection. I believe you should have the Ruggaber report and Klein report here, so the record could be understood, and I will just rely on Mr. Barnett's fairness not to read that part to them, that is all. It doesn't help. It isn't necessary in the report.

I will take a chance on what is in the report, and I believe it should be in the record.

• • •

701-745 • • •

746 • • • By Mr. Barnett: I offer Government's Exhibit 25.

• • •

747 (Said document, so offered and received in evidence, was marked Government's Exhibit 25.)

• • •

748 • • • By the Court: Yes. It may be received.

(Said document, so offered and received in evidence, was marked Government's Exhibit 26.)

749 • • • DONALD M. FEROE, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

750 *Direct Examination by Mr. Barnett.*

Q. Will you tell us your full name, please?

A. Donald M. Feroe, F-e-r-o-e.

Q. Will you keep your voice up just a little, Mr. Feroe?

Where do you live, Mr. Feroe?

A. 5745 Clinton, Minneapolis, Minnesota.

Q. And what is your occupation,

A. I am a supervisor in the Policy Holder Service Department of Northwestern National Life Insurance Company.

Q. And have you been subpoenaed to bring with you certain records of the Northwestern National Life Insurance Company?

A. Yes, sir.

Q. Do you have those records with you?

A. Yes, sir.

Q. May I have them, please?

You better keep them.

Will you describe for us what those records consist of, Mr. Feroe?

A. Well, I have the original files on three life
751 insurance policies issued to the insured by the name of Paul DeLucia.

Q. Do you have some other records, also?

A. I also have what we call premium payment record cards indicating each premium payment or loan interest payment, and loan against each of the policies at various times.

Q. And are these records that you have, records which are kept in the ordinary course of the business of the Northwestern Life Insurance Company?

A. Yes. These identical records are kept on each policy that we issue and it is kept on each policy that we issue and it is kept in the usual course of our business.

Q. And it is a custom of your firm to keep such records?

A. Yes, sir.

Q. And in your petition, do you have access to these records?

A. Yes, sir.

Q. Mr. Feroe, you have a record of a policy, No. 451604?

A. Yes.

752 Q. In the file there,

A. Yes, there is.

Q. And do you have an original application form in that file?

A. Yes, sir, there is an original application form in the file.

Q. Mr. Feroe, I will ask you to examine the document which has been marked Government Exhibit No. 64-A for identification and ask you if that is a true and correct photostatic copy of the original application for that policy which is in your file?

A. Yes. This is a true and correct photostatic copy of the original application for policy No. 451604.

753 By Mr. Barnett: Your Honor, I will offer in evidence at this time Government's Exhibit No. 64-A, which is a photostat and the original files are available here.

By Mr. Stewart: You didn't have this in the stipulation?

By Mr. Barnett: No. This is no stipulation.

By Mr. Stewart: We weren't asked to stipulate to this but I don't see any reason why we shouldn't.

By the Court: Let me do it this way: It may be received in evidence, subject to your objections.

By Mr. Stewart: All right.

By the Court: You may raise the objection whenever you find something. You are still objecting.

By Mr. Stewart: I don't see any objection but I will accept the Court's offer.

By the Court: I will reserve that right.

754 By Mr. Barnett: I take it there is no objection to the fact that it is a photostat?

By Mr. Stewart: Oh, no. We have no objection to the formal proof. If you have other papers, you don't need to go through all that rigamarole.

By the Court: It is received in evidence subject to possible objection.

(Said document, so offered and received in evidence, was marked Government's Exhibit 64-A.)

By Mr. Gorman: Pardon me just one moment.

By Mr. Green: Proceed, Mr. Barnett.

By Mr. Barnett:

Q. Mr. Feroe—

By the Court: Did you wish to say something?

By Mr. Green: No. I told him he might proceed. We will look at this thing further, your Honor.

By Mr. Barnett:

Q. Mr. Feroe, Government's Exhibit No. 64-A, the

755 photostatic copy of the application for policy No. 451604 is an application for a policy by whom?

A. It is an application for a policy on the life of Paul DeLucia and the application form is signed "Paul DeLucia."

Q. What is the amount of the policy? Was there a policy issued as the result of that application?

A. This is a $10,000 whole life table H plan which indicates that it is a rate plan of insurance. It was rated 200 per cent because of physical imparity.

Q. That policy was issued when,

A. The application form was dated November 22, 1935 and the policy was issued and dated December 12, 1936.

Q. Does your record show the amount of the premium payment towards that policy?

A. The annual premium is $424.10.

Q. Now, you have a record of a policy No. 457079?

A. Yes, sir.

Q. And on whose life is that policy issued?

A. That is issued on the life of Paul DeLucia and it is in the amount of $5,000.00, a whole life, table H policy.

It is a rated policy identical to the previous policy,
756 only in the amount of five, rather than ten thousand dollars.

Q. What is the amount of the premium?

A. The premium is $212.05 annually.

757 Q. Did you have an application in the file for that policy?

A. There is no application for this policy. This policy was dated March 3, 1936 and was issued at the request for additional insurance, so the application we had for the first policy, No. 451604, was used.

Q. Do you have a record of a policy No. 457080?

A. Yes, sir.

Q. And on whose life is that policy?

A. The insured is Paul DeLucia and that is a $5,000 whole life Table H plan, identical to the other policy.

Q. And what is the date of the issuance of that policy?

A. That is March 3, 1936.

Q. And what is the amount of this premium?

A. The premium annually is $212.05.

Q. Do you have an application for that policy,

A. That policy was issued at the same time policy No. 457079 was issued and, on the basis of the original application.

758 Q. Do you have other documents there, Mr. Feroe, indicating the record of payments of the premiums?

A. Well, we have a premium credit record card for each of these policies, commencing from the time the policy was issued, showing each premium payment, showing any loan that may have been against the policy and any loan interest payment for any loan repayment made.

By the Court: Can you hear him back there?

Speak a little louder, will you, please?

By Mr. Barnett:

Q. I am about to hand you, Mr. Ferbe, Government Exhibit 64-E which is captioned "Premium Payment and Loan History, Policy No. 451604" and ask you if that document was prepared by yourself?

A. Yes, sir. This document was prepared by me.

Q. And what does it reflect?

A. This is a premium payment and loan history which I prepared from the premium credit record cards. It is merely an easier manner of noting each premium
759 payment, loan interest, dividend credit, and so forth, rather than the use of these cards but, it is prepared solely from the cards.

Q. Solely from the records of your company?

A. Yes, sir.

Q. Now, I hand you Government Exhibit No. 66-D which is a similar document and refers to policy No. 457080. If I asked you the same questions about this that I did the last document, would your answers be the same?

A. They would be the same.

Q. That document records payments made on that policy, the premium payments on that policy, according to the records of your firm, is that correct?

A. That is correct.

760 Q. And Government's Exhibit No. 65-D, which is captioned "Premium Payment and Loan History on Policy No. 457079," was that likewise prepared by you from the records of your firm?

A. This was prepared by me from the records of the firm from the premium crediting record cards.

Q. Mr. Feroe, I hand you Government's Exhibit No. 64-D which is captioned "Application for change of beneficiary," and ask you if that is a true and correct photostatic copy of a document in your file.

A. Yes. That is a true and correct photostat of the application for change of beneficiary contained in the case for policy No. 451604.

Q. I hand you Government's Exhibit 64-B and ask you if that is a true and correct photostat of a document in your file.

A. That is. That is agent's application report. It is also a true and correct photostat of the document in the original policy file.

Q. Did you give me the policy with which it is connected?

761 A. And that is connected with policy 451604.

Q. Now, I hand you Government's Exhibit No. 65-C, and ask you if that is a photostat of a document in your file.

A. That is a true and correct photostat of an application for change of beneficiary form on policy 457079.

Q. Government's Exhibit No. 66-C, is that a photostatic copy of a document in your file?

A. And this application for change of beneficiary form is a true and correct photostatic copy of the appli-

cation for change of beneficiary of form of policy 457080.

Q. Government's Exhibit No. 65-A, which contains three sheets—are these photostatic copies of documents in your file?

A. Yes, they are true and correct photostats of the documents contained in our files.

Q. And the originals of those documents, were they kept in the ordinary course of your business?

A. Yes. This correspondence was kept, is kept in the usual course of our business.

Q. Is there a policy number with which those documents are related?

762 A. Yes. This letter refers to policy Nos. 457079, 457080 and 451604.

Q. I hand you Government's Exhibit No. 66-A and ask you if that is a true photostat of a document in your files?

A. Yes. This is a true and correct photostat letter contain policy file 457079.

Q. And was that document also retained in your file as part of your ordinary business?

A. Yes, it was.

By Mr. Barnett: Your Honor, I offer in evidence Government's Exhibit 65—pardon me, 64-E, 65-D, 66-D, 66-A, 65-A, 66-C, 65-C and 64-D and also 64-B.

By Mr. Stewart: I will accept the same ruling.

By the Court: The same ruling. They may be received in evidence.

By Mr. Green: The defendant Bulger objects to the materiality and relevancy.

By the Court: The same ruling.

(Said documents, so offered and received in evidence, were marked Government's Exhibits 64-B, 763 64-D, 64-E, 65-A, 65-C, 65-D, 66-A and 66-C and 66-D.)

By Mr. Barnett:

Q. Mr. Feroe, what is the address of the policyholder, Paul DeLucia, as shown by your records?

A. Our latest record would indicate the address as 1515 Bonnie Brae, River Forest, Illinois.

764 Q. Do you have another address, also?

A. Well, according to the numbers I have here, that would be the address to which we would send premium notices.

Q. Do you have an earlier address?

A. We have an earlier address as 5300 West Jackson Boulevard, Chicago, Illinois.

Q. Do you have another address on there, also,

A. I have a copy of a letter addressed to 812 Lathrop, River Forest, Illinois.

Q. Is that listed as the address of Paul DeLucia?

A. That letter was addressed to Mr. Paul DeLucia.

Q. Now, Mr. Feroe, I hand you Government Exhibit No. 64-E, which is the copy that you prepared of the loan payment—pardon me,—premium payment and loan history on one of these three policies.

What is that policy number?

A. That is policy 451604.

Q. And can you tell us the first date on which a premium payment was made on that policy?

A. Well, our records indicate that the first annual premium in the amount of $424.10 was paid on Feb-
765 ruary 20, 1936.

Q. Were all premiums thereafter paid annually?

A. All premiums have been paid annually.

Q. And how long was the policy in force?

A. The policy is still in full force and effect.

Q. And have all premium payments been made since 1936?

A. Yes, sir.

Q. By what means have the premium payments been made, according to your records?

A. Well, there have been various means. Premium payments from 1937 to 1944 were paid by means of a cash payment, plus use of the annual dividend credit.

Premium payment in 1946 was paid by means of an automatic premium loan, plus the use of the dividend credit.

Q. Will you explain to us the meaning of an automatic premium loan?

A. Well, these policies provide that in the event a premium is not paid within the grace period, the company will automatically pay the premium by making the loan transaction against the cash value of the policy
766 and this prevents the policy from lapsing and this transaction is normally carried out in our office, 70 days after the due date.

Q. And the first such transaction with reference to the policy that you are now testifying about occurred when?

A. The first automatic premium loan transaction occurred on January 24, 1946.

Q. And how was the premium paid for 1947,

A. That was paid by an automatic premium loan transaction, plus use of the 1947 dividend.

Q. How was the premium payment made for the year 1948?

A. That was paid by means of a—the 1948 premium payment was paid in cash, plus the use of the 1947 dividend credit.

Q. And is there a loan repayment shown any place there?

A. The first loan repayment is indicated on April 20, 1951.

767 Q. Then how was the premium paid in 1949?

A. 1949, the annual premium due December 12,

1949, was paid by means of an automatic premium loan plus use of the dividend credit, and this was done on January 24, 1950.

Q. How was the premium paid for the year 1950?

A. The annual premium due on December 12, 1950 was paid by means of an automatic premium loan plus use of the 1950 dividend.

Q. Do you have the amount of the total loan outstanding?

A. At the present time?

Q. No, at that point.

A. At that point the total loan amounted to $2,304.43.

Q. And what was paid on that loan in 1951?

A. On April 20, 1951, our records indicate we received a payment of $2,304.43.

Q. The premium due date on that policy was what?

A. The premium due date on policy 451604 is December 12th of each year.

Q. I believe that you have another copy of the transcript, do you not, Mr. Feroe?

768 A. Yes.

Q. I will refer you to Government's Exhibit No. 66-D, which I have in my hand, which is the premium payment and loan history on policy No. 457080.

By The Court: This may be a good time to give the jurors a short recess. Ten minute recess.

(Thereupon a short recess was taken.)

By The Court: Bring in the jury.

(Thereupon the following proceedings were had in open court, in the hearing and presence of the jury:)

By Mr. Barnett:

Q. Mr. Feroe, I neglected to ask you one question with respect to policy No. 451604. Does your register show that

interest was charged on the loans from December 1946 on?

A. Yes. Interest on this policy was charged at the annual rate of six per cent, which is payable in advance from the date of each loan or loan increase to the next policy anniversary date. Then when a loan repay-
769 ment is made, the owner would receive credit for any unearned interest refund.

Q. I show you policy No. 457080, transcript of which is Government's Exhibit 66-D. What is the date of the first annual payment on that policy?

A. The annual premium due March 3, 1936 was paid in cash on April 27, 1936 in the amount of $212.05.

770 Q. How long was that policy in force?

A. That policy is currently in force.

Q. And have the annual premiums been paid ever since 1936?

A. Yes, each annual premium has been paid since 1936.

Q. How have those premiums been paid?

A. You mean the mode annually or—?

Q. Yes, the mode.

A. Yes. Each payment has been made annually.

Q. By cash or by taking advantaeg of the dividends or what?

A. That annual premium due in 1937—

Q. May we generalize that, Mr. Feroe, instead of going through the years?

A. Yes. The annual premiums from 1937 to 1944 were paid by cash, plus the use of the dividend credit. The premiums 1945 to 1948 were paid by means of an automatic premium loan plus use of the dividend credit. The loan was fully repaid—the loan amounted to $896.89 on May 14, 1948, and was fully repaid at that time.

771 Q. Was interest charged on that loan also?

A. Yes, loan interest was charged at the annual rate of 6 per cent on each loan transaction.

Q. Now turning to your transcript of policy No. 457079, which is Government Exhibit 65—, what is the first payment on that policy, the first premium?

A. Initial annual premium due March 3, 1936 was paid in cash on April 24, 1936 in the amount of $212.05.

Q. Is that policy still in force?

A. That policy is still in force.

Q. Were the premiums paid annually since 1936?

A. Yes, each premium has been paid on the annual basis.

Q. What method of payment was used?

A. The annual premiums due in the years 1936 through 1944 were paid in cash plus use of the dividend credit.

The annual premiums due in 1945 through 1948 were paid by means of an automatic premium loan plus use of the dividend credit.

This loan was repaid, it amounted to $896.89, and it was repaid on March 2, 1949.

772 By Mr. Barnett: I have no further direct examination of this witness, your Honor.

By The Court: Are you offering these in evidence?

By Mr. Barnett: I have already offered all of these documents, and as I understand it, they are admitted.

Is that right?

By Mr. Stewart: Yes.

By The Court: All right.

You may cross examine.

By Mr. Stewart: We have no cross.

By Mr. Green: May the record show our standing objection, that is all, your Honor?

By The Court: The same ruling.

By Mr. Barnett: I would like to read some of this correspondence.

By The Court: I was hoping that I could get an answer from you now as to objections, if any, that you wish to make to those exhibits which have been re-
773 ceived subject to objection.

By Mr. Stewart: I don't see any materiality, but go ahead. They can't hurt us.

By The Court: All right, they may be received finally, and you may read them.

By Mr. Barnett: You Honor, as I understand it, this witness may leave and take his original records with him?

By Mr. Stewart: We have no objection to that.

By Mr. Barnett: Do you have extra copies of those exhibits? Do you mind leaving them with me so I can give them to the defendants?

By The Witness: Yes, surely. Here is a copy of each policy.

By The Court: By agreement of all parties, subject to Mr. Bulger's general objection, the originals may be withdrawn and copies substituted therefor.

By Mr. Stewart: That is all right.

By Mr. Green: Yes.

By Mr. Barnett: Mr. Feroe may leave the stand
774 now as far as we are concerned, your Honor.

By The Court: Yes.

(Witness excused.)

775 By Mr. Barnett: Government's Exhibit No. 64-A, which I will only read in part, is the application for a life insurance policy in the name of Paul DeLucia, address 5300 Jackson Boulevard, Chicago, Illinois. At the date of this application his age is 37.

His business address is given as 401 South Michigan Avenue, Chicago, Illinois.

Present occupation is given as "Owner Playhouse Theatre. Name of firm or employer, self.

"Other occupations, at present, if any: None.

"How long have you been engaged in your present occupation? Three years.

"What was your previous occupation: Theatre.

"Do you contemplate any change in occupation? No."

Then there is a listing of other insurance carried: 1933, Italo American, $1500.00; and another policy in the
776 same firm for $5,000.00.

The document is signed "Paul DeLucia," and dated "this 22nd day of November, 1935." Witnessed by H. L. Cook.

Government's Exhibit 64-B is agent's application report in connection with the same application and reads:

"Full name of applicant, Paul DeLucia.

"Plan of insurance applied for: Special whole life preferred risk, amount $10,000.00.

Place to send policy "H. W. Blount, 204 West Wacker Drive, Chicago, Illinois.

"What is applicant's financial worth? $25,000.00.

"Approximate income? $5,000.00 per year."

This is dated November 22, 1935 and signed H. L. Cook, Agent.

By Mr. Stewart: Judge, I didn't know that was in
777 there. That is hearsay. That is some agent saying something. That doesn't mean anything. I move to strike that.

By The Court: Will you read it again, please?

By Mr. Barnett: The title of this document is Agent's application report. Full name of applicant Paul DeLucia; plan of insurance and so forth.

"What is applicant's financial worth? $25,000.00.

"Approximate income? $5,000.00 per year."

By The Court: Is that the objection?

By Mr. Stewart: That is the objection.

By The Court: Objection overruled.

778 By Mr. Barnett: Government Exhibit No. 64-D is an application for a change of beneficiary under policy No. 451604 and states:

"Full name of beneficiary: Mary Anna DeLucia, daughter; then Anthony P. DeLucia, son and Paul Richard DeLucia, sharing equally or to the survivor or survivors in equal shares."

Dated the 14th day of November, 1951, Chicago, Illinois. Signed, "Paul DeLucia and signed in the presence of J. I. Bulger."

Government Exhibit 65-C is an application for a change of beneficiary in connection with policy No. 457079, with the same names as I have read before, and dated the 14th day of November, 1941, Chicago, Illinois, signed "Paul DeLucia" and "Signed in the presence of J. I. Bulger."

Government Exhibit 66-C is the application for
779 change of beneficiary in connection with policy No. 457080, and the beneficiaries are listed as I have stated them before, dated the 14th day of November, 1941, at Chicago, Illinois, signed, "Paul DeLucia," and "signed in the presence of J. I. Bulger."

Government Exhibit 65-A is a series of three letters. The first is dated February 11, 1949, being an office copy of a letter from the Northwestern Life Insurance Company, addressed to Mr. Paul DeLucia, 812 Lathrop, River Forest, Illinois.

"Dear Mr. DeLucia:

"We have received a letter from our Chicago representative requesting that information concerning the loan on your policy be forwarded to you.

"In reply to the request a statement of the loans completed follows:"

Then without going into detail on it, there is a
780 statement with respect to the loans, and then it says:

"Until the present loan of $1,284.65 is repaid it will be necessary to renew it annually by payment of the loan interest which amounts to $77.08. The premiums and loan interest are now paid to December 12, 1949."

This is signed, "George H. Davis, Supervisor, Division of Policyholders' Service."

Next is a letter dated February 16, 1949, which is part of the same Exhibit No., on the stationery of Joseph I. Bulger, Attorney at Law, City Hall Square Building, 139 North Clark Street, Chicago, addressed to Northwestern National Life Insurance Company:

"Dear Sir:

"Mr. Paul DeLucia referred to me your letter of February 11, 1949 for the purpose of clarifying the status of policy No. 457079, 457080, and 451604.

781 "Your letter of February 11 is in reference to Policy No. 451604. Are the premiums on policies 457079 and 457080 in good standing at this time?

"Awaiting your reply, I am,

Yours truly,

"Joseph I. Bulger."

782 The third document, which is a part of Exhibit 65-A, is a letter dated February 18, 1949 from the Northwestern Life Insurance Company to Mr. Joseph I. Bulger, 139 North Clark, Chicago, Illinois.

"Dear Mr. Bulger:

"In reply to your inquiry dated February 16, 1949, we are pleased to advise you as to the status of the two above-numbered policies.

"Premiums on both policies are now paid to March 3, 1949. There is no loan on policy No. 457080. There is an outstanding loan of $896.89 on policy 457079 with the annual loan interest of $53.81 now paid to March 3, 1949."

Government's Exhibit No. 66-A is a photostatic copy of a handwritten letter on the stationery of Joseph I. Bulger, Attorney at Law, 139 North Clark Street, Chicago, Illinois. It is dated April 20, 1951 and reads:

783 "Northwestern National Life Insurance Company, Minneapolis, Minnesota:

"Gentlemen:

"I have been instructed by Mr. DeLucia to advise that he mailed you his checks on March 12, 1951 in payment of the premium for the policies which are mentioned in the notices or statements and enclosed herewith.

"If the payment mailed you on March 12, 1951 is insufficient to cover the entire premiums please mail to Mr. DeLucia direct additional charges if any. He regrets that the payments were not made on time.

"Yours truly,

"J. I. Bulger for Mr. Paul DeLucia, 812 North Lathrop Avenue, River Forest, Illinois."

Mr. Beahan.

RAY J. BEAHAN, called as a witness on behalf of the Government, having been first duly sworn, was ex-

784 amined and testified as follows:

Direct Examination by Mr. Barnett.

Q. Will you tell us your full name, please?

A. Ray J. Beahan.

Q. Where do you live, Mr. Beahan?

A. 1801 Lake Shore Drive, Long Beach, Michigan City, Indiana.

Q. What is your occupation?

A. Real estate and insurance?

Q. How long have you been engaged in that occupation?

A. Thirty years.

Q. During the course of your professional occupation, have you had occasion to do business with Mr. Paul DeLucia?

A. I have.

Q. Do you see Mr. LeLucia in the court room?

A. I do, yes.

By Mr. Barnett: May the record show that he has identified the defendant Mr. DeLucia.

785 Q. Will you tell us what the nature of your business transactions with Mr. DeLucia have been?

A. Sale of a home at Long Beach, Michigan City, Indiana, to Mr. DeLucia.

Q. When did that take place?

A. In about 1934.

Q. Is that when you first met Mr. DeLucia?

A. That is the first time I met him, yes.

Q. Would you relate to us the circumstances under which you met him?

A. I believe at the time Mr. DeLucia was renting the George A. Busse home in Long Beach and I knew Mrs. Busse, and I knew the Busses very well, so I was enlisted to handle the sale of the home, and the potential prospect was the present tenant, who happened to be Mr. DeLucia at the time.

Q. So did you contact Mr. DeLucia?

A. I did, yes.

Q. As a result of that contact, did you close the deal with Mr. DeLucia and Mrs. Busse?

A. I did, yes.

Q. Do you recall the details of the sale, the sale price, mortgages, or anything of that nature?

786 A. Well, the sale was the usual transaction where a mortgage is involved. It was assumed by the pur-

chaser in its present then balance. The difference was paid in cash.

There was a second mortgage at the time held by an individual, friend of Mr. Busse's, the owner.

Q. What was the amount of the sales price?

A. In excess of $10,000.00.

Q. Do you recall what the amount of the first mortgage was?

A. In excess of $7,000.00, somewhere around $7600.00, I believe.

Q. Can you recall who the holder of the first mortgage was?

A. Great Lakes Mortgage Company, mortgage bankers for Metropolitan Life Insurance.

Q. Was there a second mortgage on that also?

A. A second mortgage in the amount of $2400.00, I believe, at the time.

Q. Did you have records of that transaction in your office after the closing of the deal?

A. Yes, I did.

Q. Did you keep an informal closing statement 787 showing the details of the transaction?

A. I kept my files in connection with all transactions and a closing statement in accordance therewith, with each one.

Q. Are those files still available in connection with this transaction?

A. No, they are not.

Q. What has become of them?

A. Well, I destroyed them.

Q. Prior to the destruction of those files, did you make them available to an Internal Revenue agent?

A. I did, yes.

Q. Named Tracy Stains?

A. Yes, I believe that was his name.

Q. Did he in your presence make notations from those files?

A. Yes, he did.

Q. I hand you what has been marked Government's Exhibit No. 68, and ask you if you recognize this as Mr. Stains' notations made in your presence from your files?

A. I recall this.

Q. Can you refresh your memory from that docu-
788 ment and tell us the total selling price of the property?

A. $13,938.70, according to this, which includes a few minor items, prorations.

Q. That was the total price?

A. That is right.

789 Q. That included the first mortgage that was being undertaken, is that correct?

A. That is right.

Q. And that was in the amount of how much?

A. $7,480.

Q. That also included assuming a second mortgage, did it?

A. That did, in the amount of $2,400.

Q. And it also included payment of certain taxes and interest, is that correct?

A. Yes, including interest and pro-rated taxes, accrued interest of $448.80 and pro-rated taxes of $102.34.

Q. How much was the amount that was paid by Mr. DeLucia at the closing?

A. $4,500.—well, there are some other fees there—$4,688.70, according to this statement.

Q. Is that substantially correct, as far as your recollection goes?

A. Yes, it is.

Q. Mr. Beahan, there was a second mortgage which was assumed by Mr. DeLucia at the time of this purchase, was there not?

790 A. Yes.

Q. Was that second mortgage ever satisfied by Mr. DeLucia?

A. I think it was.

Q. When was that?

A. Well, it was contiguous to the deal, to the other transaction.

Q. What was that?

A. Contiguous to the time of the other transaction.

Q. The second mortgage holder—

A. That had to be satisfied there on account of the gentleman that held it.

Q. The amount of that second mortgage was how much?

A. $2,400.

Q. I hand you Government Exhibit No. 67, and ask you if you recognize that as the deed to the Busse property.

A. I recognize the legal description that substantiates the deed.

By Mr. Barnett: Your Honor, I will offer in evi-
791 dence Government Exhibit for identification No. 67, which is an exemplified and authenticated copy of a warranty deed of LaPorte County.

By the Court: It may be received into evidence.

By Mr. Green: And may we have our general objection?

By the Court: Yes, subject to the objection.

(Said document, so offered and received in evidence, was marked Government Exhibit 67.)

By Mr. Barnett:

Q. Mr. Beahan, subsequent to the purchase of the house by Mr. DeLucia, which took place in 1934, did it?

A. Yes, sir.

Q. Did you have occasion to have any further real estate transactions with Mr. DeLucia?

A. Some additional lots enclosing the original transaction, yes, on the fringe area.

Q. When did these subsequent transactions take place?

792 A. 1935, I believe. I am not positive about that.

Q. The following year?

A. Yes, the following year.

Q. How many lots did you sell to Mr. DeLucia?

A. Two at one time and then two additional at another, shortly after.

Q. Were all of these lots contiguous to this former Busse house?

A. Yes, correct.

Q. And they were in Long Beach, Indiana?

A. That is correct.

Q. Do you recall whether those lots had numbers?

A. 40, 41, 42 and 43, I believe.

Q. What was the selling price of those lots to Mr. DeLucia?

A. $800.

Q. $800 apiece?

A. Per lot.

Q. That is four lots at $800 each?

A. That is right.

Q. A total of $3,200?

A. Right.

793 Q. Now did that include commission payment as well?

A. It did, yes.

Q. That was the total price paid by Mr. DeLucia?

A. Yes.

794 Q. I hand you Government's Exhibit No. 69, Mr. Beahan, and ask you if you recognize this as a photostatic copy of the deed to the four lots which you have referred to?

A. Yes, but I see I misquoted the numbers previously. I recognize the deed.

Q. What are the lot numbers?

A. 35 and 36 and 41 and 42.

By Mr. Barnett: Your Honor, I will offer Government's Exhibit No. 69, which is an exemplified copy of the deed from LaPorte County, Indiana.

By the Court: It may be received subject to the objection.

(Said document, so offered and received in evidence, was marked Government's Exhibit 69.)

By Mr. Barnett:

Q. Mr. Beahan, I hand you Government's Exhibit No. 70, and ask you if you recognize that document, which is a photostatic copy of a deed?

A. Well, I know this property, but I don't recall making this transaction.

795 Q. I will also hand you Government's Exhibit No. 71, another deed.

A. I likewise recognize that. Those are on the opposite side of the road from Mr. DeLucia's property, in another subdivision.

Q. Did you handle those transactions?

A. No, I did not.

Q. Did you have occasion to negotiate with Mr. DeLucia for the sale of some lots from a man named Harvey Frier?

A. Correct.

Q. Do those deeds that you have there refer to those lots?

A. I want to retract my previous statement. I had something to do with the first transaction, and then I did not participate in the next one of the same property. It was done directly with Mr. Frier. I am sure about that now.

Q. Now, will you tell us what year this occurred, that you did have something to do with it, approximately?

A. I would say about 1937.

Q. Is that about right, 1937?

A. I am looking for the jurat—oh, here it is—796 1940, March 1st, 1940.

Q. What conversation did you have with Mr. DeLucia concerning this, or rather, when did you have a conversation with Mr. DeLucia concerning this transaction?

A. Well, I talked to him on occasions about it, until he finally decided to purchase, just followed up my sales talk with him.

Q. Were you acting as a broker at that time?

A. I was—no—yes, I was. I was acting as a broker. There was no license law in the State of Indiana at the time, so if you want to construe myself as a broker, I could rightfully act, yes.

Q. Were you representing Mr. Harvey Frier?

A. On that particular occasion, yes.

Q. Did you sell the lots to Mr. DeLucia?

A. I did, yes.

Q. For what price?

A. I think those were $800.00.

Q. $800.00 each?

A. Yes.

Q. How was the money paid?

A. I don't recall how it was paid. If you are dif-
797 ferentiating between cash and checks, I don't recall. That is so long ago.

Q. Was the money paid to you or was it paid to Mr. Frier?

A. Paid to me, on that one particular transaction, yes.

Q. And then you—

A. In turn turned it over to Mr. Frier.

Q. Now the deed that you say you sold the lot to Mr. DeLucia on, is that Government's Exhibit No. 70?

A. That is 71 here.

By Mr. Barnett: I will offer into evidence Government's Exhibit No. 71, which is the exemplified copy of the deed of certain lots in LaPorte County, Indiana.

By the Court: Same ruling.

(Said document, so offered and received in evidence, was marked Government's Exhibit 71.)

By Mr. Barnett:

Q. Now, with respect to Government's Exhibit No. 70, Mr. Beahan, will you examine that, please?

798 A. This is a regular deed that was offered at the time by the Shoreland Hills, Incorporated, who owned the property, who Mr. Frier was connected with as part owner.

It is typical of that type of deed with the ordinary covenants, restrictions, and the legal descriiption set forth in meets and bounds.

The plat was not yet recorded.

Q. Well, with respect to the lots described in that deed, did you have anything to do with selling them to Mr. DeLucia?

A. Now, I don't know whether it was on Government Exhibit 71 which you just took or on this one. I would say, whichever has the prior date, is the one I handled.

Q. Well, what is the date on that deed?

A. The 10th day of January, 1939, so, this should be it.

Q. That should be the one?

A. Yes.

Q. All right.

By Mr. Barnett: Your Honor, I will offer in evi-
799 dence Government Exhibit 70, which is another exemplified deed.

By the Court: The same ruling as to the last one.

(Said document, so offered and received in evidence, was marked Government Exhibit 70.)

By Mr. Barnett:

Q. Mr. Beahan, did you have any other real estate transactions with Mr. DeLucia?

A. No. That was all.

Q. Now, before we leave the subject of his real estate transactions, you testified that the original house, the Busse house, that was bought by Mr. DeLucia, was bought under certain mortgages and that he paid something over $4,000 at the time of the closing.

Do you recall how that payment was made?

A. I think the final payment was made—Paul and I went to the Western Union Telegraph Office. He obtained proper documents and took care of the transaction.

Q. What do you mean by "proper documents"?

A. Well, I mean it was a draft.

800 Q. Money order or draft?

A. Money order or draft.

Q. Do you know how he paid for the draft?

A. Do I know how he paid for the draft?

Q. Did you see him pay for the draft?

A. No.

Q. Were you with him at the time?

A. I was in the Western Union Telegraph Office, yes.

Q. Did you see how he paid for it?

A. No.

Q. Now, does that dispose of the real estate transactions that you had with Mr. DeLucia, Mr. Beahan?

A. Yes. They were all involved in that one area, in that one home.

Q. Did you also have some insurance transactions with Mr. DeLucia?

A. Yes.

Q. What did those insurance transactions consist of?

A. Fire and tornado on the dwelling.

Q. Fire and tornado on the dwelling?

801 A. And then later, coverage on the guest house.

Q. Now, the dwelling that you refer to is the house that used to be called the "Busse house"?

A. That is right.

Q. That is located at Long Beach, Indiana?

A. Yes.

Q. When was the first year that you covered that house with fire insurance?

A. 1934.

Q. And what was the amount of the insurance?

A. $10,000.

Q. What was the annual premium, or, what was the premium for it?

A. $90.

Q. Did you also cover furniture at that time?

A. $5,000.

802 Q. Now, how long did the—was that fire insurance renewed annually?

A. It was, yes.

Q. And was it ever increased?

A. It was increased when he built an addition to the home, in the amount of $15,000.00 and $10,000.00 tornado, $15,000.00 fire, $10,000.00 tornado, which would then make

the coverage in the policy twenty-five thousand on the dwelling, ten thousand on the household goods. That would be it, and ten thousand tornado.

Q. Now, how long did you continue to carry the fire insurance on the house?

A. Until shortly after the fire.

Q. And that fire occurred when?

A. 1942, I believe, 1941 or 1942. It was 1941 or 1942.

Q. It could also be—you are not sure of the date?

A. No, I am not positive of the date.

Q. It could also be 1942?

A. I was there at the time of the fire but I don't know the date. All I know is that it was a Sunday.

803 Q. Now, do you have records in your office which record the premium payments and the amount of these policies?

A. A policy record book, yes.

Q. You have a policy record book in your office?

A. Yes.

Q. Do you have that policy book with you?

A. No, I don't.

Q. I hand you Government's Exhibit No. 72 and ask you if this is a correct transcription of the amount of premium paid on the insurance policy that you carried on that property.

A. This appears to be correct, yes.

Q. I notice that your name is signed to it. Did you have an opportunity to check that at some prior date?

A. Oh, yes. I furnished the figures myself and then checked them later.

By Mr. Barnett: Your Honor, I will offer this document, which is Government's Exhibit No. 72 for identification, in evidence.

By the Court: The same ruling as before. It may 804 be received, subject to Mr. Bulger's general objection.

(Said document, so offered and received in evidence, was marked Government's Exhibit 72.)

By Mr. Barnett: Your Honor, I have no further examination of this witness at this time but I would like the right to recall him at a later date for one further item that we haven't covered now.

By Mr. Stewart: If you will state what it is, maybe we will stipulate to it.

By Mr. Barnett: If I could state it to you right now, Mr. Stewart, I would.

By Mr. Stewart: All right. You can state it tomorrow without the witness, if you want.

By Mr. Barnett: You may be excused.

By the Court: Any cross examination?

By Mr. Stewart: No cross.

By the Court: All right.

(Witness excused.)

By the Court: Do you have time for one more witness?

805 By Mr. Barnett: I have some stipulations which I would like to read, your Honor, if I may.

By the Court: All right.

By Mr. Barnett: Your Honor, I have one short witness that perhaps we can put on.

By the Court: Put him on.

By Mr. Barnett: Mr. Smiles.

ALEXANDER F. SMILES, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

Q. Will you state your full name, please?

A. Alexander F. Smiles.

Q. Where do you live, Mr. Smiles?

A. At Joliet, Illinois.

Q. And what is your office?

A. I am vice president of the First National Bank.

Q. Of Joliet?

A. Of Joliet.

806 Q. And were you subpoenaed to bring a certain record with you today?

A. Yes, sir. I have it here. I have a record of the drafts drawn on the Federal Reserve Bank, our bank, of January 16, 1942.

Q. Now, Mr. Smiles, what is your position with the bank?

A. Vice president.

Q. And in that position, do you have custody and control of the records of the bank?

A. Yes, sir.

Q. I will hand you a photostat which is Government's Exhibit No. 97, a photostat of a check and ask if your records discloses the purchase of that check, the original purchase of that check.

A. They do, yes, sir.

807 Q. When was the check purchased?

A. On January 16, 1942.

Q. And is it a cashier's check?

A. This is a Federal Reserve bank draft, sir.

Q. And it was purchased at your bank?

A. Yes, sir.

Q. Do your records disclose who the purchaser of that check was?

A. They do not.

Q. Do the records disclose the amount of that check?

A. $5,000.

Q. Do you still have the original of that check?

A. Yes, sir, I do.

Q. Do you have it with you?

A. Yes, sir.

Q. May I see it, please?

Do your records indicate that the check was returned to you in a canceled condition?

A. They do, yes, sir.

Q. Do your records indicate to whom the check was made payable?

A. To the Prudential Insurance Company of America.

808 By Mr. Barnett: Your Honor, I am offering the photostat, Government Exhibit No. 97 for identification, in evidence, subject to connection later, as to the purpose of this check.

By Mr. Stewart: The same check?

By Mr. Barnett: No. I have the original here, your Honor, but I would like to have the photostat put in evidence and I want this gentleman to keep the original.

By Mr. Stewart: That is all right. Wasn't that covered by the stipulation?

By the Court: The Government Exhibit so offered may be received.

(Said document, so offered and received in evidence, was marked Government Exhibit 97.)

* * *

809-818 * * *

819 D. FRANK COCCIA, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

Q. Will you tell us your full name, please?

A. D. Frank Coccia, C-o-c-c-i-a.

Q. Is that first letter D?

A. That is right.

Q. D as in Dennis.

Where do you live, Mr. Coccia?

A. 601 North Kenilworth Avenue, Oak Park, Illinois.

Q. What is your occupation?

A. I am general secretary of the Italo American National Union, Chicago, Illinois.

By the Court: Not so fast. I am having a problem.

Do you hear him?

By Mr. Barnett:

Q. What is your occupation, again?

A. General secretary of the Italo American National Union, Chicago, Illinois.

820 Q. That is Italo American?

A. National Union.

Q. How long have you been in that position, Mr. Coccia?

A. Since 1931.

Q. In that position, do you have custody and access to the regular records of the Italo American National Union?

A. Yes, I have.

Q. What is the business of the Italo American National Union?

A. Fraternal life insurance.

Q. Fraternal life insurance?

A. Yes, sir.

Q. Were you subpoenaed to bring certain records with you this morning, Mr. Coccia?

A. Yes, sir.

Q. You were?

A. Yes, sir, I did.

Q. I hand you what has been marked Government Exhibit No. 73, and ask you if you have the original of that photostatic document.

A. Yes, I have.

821 Q. Do you have the original of that document?

A. Yes.

822 Q. Now, I hand you Government's Exhibit Nos. 74, 75-A, 75-B, 76-A and 76-B and ask you if those are both true and correct photostatic copies of documents in your files.

A. Yes, sir, they are.

Q. And will you tell us what the general nature of those documents is?

A. These are applications for life insurance.

Q. And there are a couple of other papers there too, are there not?

A. And there is an application for conversion to term insurance.

Q. And in whose name are those applications for life insurance?

A. Paul DeLucia and Nancy DeLucia.

Q. Those are documents kept in the ordinary course of your business, are they?

A. Yes, sir.

Q. And it was your custom to keep such records?

A. Yes, sir.

By Mr. Barnett: Your Honor, at this time I will offer Government's Exhibits Nos. 73, 74, 75-A, 75-B, 76-A and 76-B.

823 They are photostatic copies of the applications and conversion statements on file with Mr. Coccia.

By Mr. Stewart: No objection except the standing one that we have.

By the Court: All right. They may be received in evidence.

By Mr. Green: And the specific objection as to Mr. Bulger, your Honor.

By the Court: Yes, the same objection as yesterday.

(Said documents, so offered and received in evidence, were marked Government's Exhibits 73, 74, 75-A, 75-B, 76-A and 76-B.)

By Mr. Barnett:

Q. Now, Mr. Coccia, you have an application in your file for an insurance policy on the life of Paul DeLucia, in fact, two of them on Paul DeLucia, right?

A. Yes.

Q. Those are policy numbers—

A. 11973.

Q. 11973?

824 A. For $1500.00.

Q. For $1500.00.

A. And 12607 for five thousand.

825 Q. Do you have a record of the premium payments made on those policies?

A. Yes, sir, I have.

Q. Do you have that record with you?

A. Yes.

Q. May I see it, please?

I don't think we will need the records.

Mr. Coccia, can you tell us the amount of the annual premium on te policy No. 11973?

A. $40.08.

Q. And when was that policy put in force?

A. November, 1932.

Q. November, 1932. How long did it remain in force?

A. It remained in force until August, 1944.

Q. Until when?

A. August, 1944.

Q. Were the annual premium payments made throughout that period of time?

A. Yes, sir, they were.

Q. Do you have a record of what happened to the policy in 1944?

A. Yes. The policies were converted into paid 826 up insurance.

Q. Now, we are talking about policy No. 11973, right?

A. Both of them.

Q. Now, with respect to policy No. 12607 on the life of Paul DeLucia, what is the annual premium on that?

A. $127.80.

Q. $127.80?

A. Yes, sir.

Q. And when did that policy go into existence?

A. January, 1934.

Q. January, 1934?

A. Yes.

Q. How long did the policy remain in force?

A. Until August of 1944.

Q. What was the date in 1944?

A. August of 1944.

Q. August of 1944.

During that time, do your records show that the annual premiums were paid on that policy?

A. Yes, sir.

Q. And what happened to the policy in January, 827 1944?

A. It was converted into paid up term insurance.

Q. Now, Mr. Coccia, with reference to policies issued on the life of Nancy E. DeLucia, do you have a record of a policy No. 11973?

A. Yes, sir.

Q. What is the amount of that policy?

A. $1,000.

Q. What is the annual premium on it?

A. $22.56.

Q. On what date do your records indicate the policy was issued?

A. November, 1932.

Q. How long did it remain in force?

A. Until August, 1944.

Q. What happened to it at that time?

A. It was converted into paid up term.

Q. Do your records reflect that the annual premium was paid for each year until the conversion policy?

A. Yes, sir.

Q. Mr. Coccia, I neglected to ask you what the face amount of policy No. 12607, on the life of Paul DeLucia, was.

828 A. $5,000.

Q. Now, will you look at your record there of policy No. 12606 on the life of Nancy DeLucia?

A. Yes, sir.

Q. And what is the face amount of that policy?

A. $4,000.

Q. When was it issued?

A. January, 1934.

Q. What was the annual premium?

A. $80.64.

829 Q. Do your records indicate the annual premium was paid until—pardon me. How long did the policy remain in force?

A. Until August of 1944.

Q. And then, was it converted to term insurance?

A. It was converted to paid up term insurance.

Q. Do your records indicate the annual premium was paid throughout all those years?

A. Yes.

By Mr. Barnett: Your Honor, I would like to read parts of these documents.

Government's Exhibit No. 73, ladies and gentlemen, is captioned:

"Application for beneficial membership in Italo American National Union."

Dated November 25, 1932.

"My name is Paul DeLucia."

The words "my name" are printed and the words "Paul DeLucia" are printed in longhand.

"I reside at 410 South Austin, Oak Park, State of Illinois.

"I was born at Naples, State of Italy, on the 7 day of July, 1898.

830 "My age at nearest birth day is 34 years.

"My occupation is that of Continental Food Store.

"I request certificate for $1500.00 be issued to me. I direct that in case of my death, all benefits to which I may be entitled from the Italo American National Union be paid to: $1500.00, Nancy E. DeLucia, wife.

"Signed: Paul DeLucia.

"Signed in the presence of: J. Imburgio."

By Mr. Barnett:

Q. Mr. Coccia, are you acquainted with the J. Imburgio whose signature appears on this application?

A. Yes, sir.

Q. What is his full name?

A. Joseph Imburgio Bulger.

Q. And do you see him in the court room?

A. Yes, sir.

Q. Will you point him out to us, please?

831 Is it the gentlemen that rose?

A. Yes.

Q. Thank you.

By Mr. Barnett: Government's Exhibit No. 74, ladies and gentlemen, is a similar application for insurance in the Italo American National Union.

It is dated January 15, 1934, and it reads:

"My name is Paul DeLucia. I reside at 410 South Austin, Oak Park, Illinois.

"I was born at Naples, Italy, on the blank day of July, 1898.

"My age at nearest birthday is 36 years. My occupation is that of Continental Food Store.

"I request that certificate for $5,000.00 be issued to me. The names of beneficiaries, for $5,000.00, Nancy E. DeLucia, wife.

"Signed" in longhand "Paul DeLucia."

"Signed in the presence of: J. Imburgio.

832 Government Exhibit No. 75-A is an application for beneficial membership in the Italo American National Union in behalf of Nancy Emily DeLucia, which is dated November 21, 1932.

"My name is Nancy Emily DeLucia. I reside at 410 South Austin in the State of Illinois. I was born at Naples, Italy, the 2nd day of October, 1905. My age at nearest birthday is 27. My occupation is that of housewife. I request ordinary life certificate for $1,000.

"Beneficiaries: Paul DeLucia husband."

Signed: "Nancy E. DeLucia." And signed in the presence of "J. Imburgio."

Government Exhibit No. 76-A in a similar application for insurance on behalf of Nancy DeLucia, dated January 15, 1934, and the same information concerning herself, place and date of birth. It says:

833 "I am employed by home. Request certificate for $4,000."

Beneficiary named as "Paul DeLucia, husband."

Signed: "Nancy E. DeLucia" and signed in the presence of "J. Imburgio."

Exhibit No. 75-B is entitled: "Italo American National Union Request for Paid Up Term Insurance."

Then it recites the facts which it then states:

"Now, therefore, I hereby request that my said benefit certificate No. 11972 be converted into paid up term non-participating insurance,"

et cetera, and it is signed, "Nancy DeLucia" under date of August 3, 1944.

Government Exhibit No. 76-B is a similar document signed by "Nancy DeLucia" in connection with benefit certificate No. 12606.

By Mr. Barnett:

834 Q. Mr. Coccia, you stated that the policies on Paul DeLucia were also converted at the same time as the policies to Nancy DeLucia?

A. Yes, they were.

Q. Do you have available in your records the applications for the conversion of Paul DeLucia?

A. No, I haven't. They are in the hands of the Government.

835 By Mr. Barnett: That is all I have.

By Mr. Stewart: No cross examination, your Honor.

By Mr. Green: Motion to strike the entirety of the testimony of this witness as having no bearing on the defendant Bulger.

By the Court: Same ruling.

Anything further, Mr. Barnett?

By Mr. Barnett: No, that is all, your Honor.

By the Court: Thank you, sir.

By Mr. Barnett: Oh, I do have another question, if your Honor will permit me.

By Mr. Barnett:

Q. Mr. Coccia, those policies that were converted to paid up term insurance, are they still outstanding?

A. No, they were reconverted to regular life insurance.

Q. To regular life insurance?

A. Yes, sir.

Q. They were converted from life insurance, were they not?

836 A. No. After they were converted to term insurance, they were reconverted years later to regular insurance.

Q. Do you have a record of that, when they were converted?

A. No, but the payments have been made. They have been made regularly.

Q. In 1944, they were converted to paid up term insurance, right?

A. Yes, sir.

Q. And what happened after that?

A. Well, after several years, the request was made to reconvert, and we reconverted to regular life insurance again.

Q. Do you have a record of when that took place?

A. I don't have that here with me.

Q. Do you know what year it was that took place?

A. I would say 1945 or 1946.

Q. It was reconverted into ordinary life in 1945 or '46?

A. That is right. I am not sure about the date.

Q. Are the policies still in force?

A. Yes, sir.

Q. Do you have the record in your office, Mr.

837 Coccia?

A. If you will let me look, maybe I have it here. They were reconverted in April, 1951.

Q. April, 1951?

A. Yes.

By Mr. Barnett: Thank you. All right. That will be sufficient.

(Witness excused.)

By Mr. Green: If your Honor will pardon me for a moment? You may proceed without me.

THOMAS R. JAMES, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

By Mr. Barnett: Your Honor, this witness is slightly out of sequence, but he is from out of town so we would like to call him at this time.

By the Court: All right.

Direct Examination by Mr. Barnett.

Q. Will you state your name, please?

838 A. Thomas R. James.

Q. Where do you live, Mr. James?

A. I live at 825 North Osborne Street, Janesville, Wisconsin.

Q. What is your occupation?

A. I am general manager of a construction firm.

Q. In Janesville, Wisconsin?

A. In Janesville.

Q. What is the name of the firm?

A. The name of the firm is T. S. Willis.

839 Q. How long have you been in that position, Mr. James?

A. I have been in that position with Mr. Willis since 1945.

Q. Prior to that position, how were you employed?

A. I was employed in Chicago by the Avery Brundage Company, another construction firm.

Q. How long were you employed by Avery Brundage & Company?

A. I was employed from 1923 until 1945.

Q. What was the business of Avery Brundage?

A. Avery Brundage was a general building contractor.

Q. What was your position with them?

A. My position was practically everything from office boy to estimator to project manager to manager.

Q. What was your position with the Avery Brundage Company during the years 1938 and 1939?

A. I was one of the cost estimators.

Q. In connection with your duties with Avery Brundage & Company in 1938 and 1939, did you have to do with any work on a building at 812 Lathrop Avenue in
840 Chicago, Illinois?

A. In River Forest, yes, I did.

Q. Yes, River Forest.

Do you now who the owner of that building was?

A. The plans said "Paul DeLucia."

Q. What specifically did you do in connection with that work?

A. First we picked up the drawings from the architect's office, Schmidt, Garden & Erikson, and worked up the cost estimates of the amount of money involved.

Q. Can you raise your voice a little bit, please?

A. We picked up the plans and specifications from Schmidt, Garden & Erikson, architects, and worked up a cost estimate on the cost involved.

Q. I hand you what has been marked Government Exhibit No. 109, and ask you if those are the architect's drawings which you have just referred to?

A. These are the tracings from which the drawings that we used were made.

Q. Those are the original tracings?

841 A. Right.

Q. What are the drawings called that you use on the job?

A. Blueprints.

Q. They are made from these tracings?

A. Right.

Q. You recognize those tracings, do you?

A. I recognize them.

Q. After drawing up your estimate of costs, what did you do in connection with this work?

A. We received a contract through the architect's office to proceed with actual construction.

Q. What was the nature of the construction that you were called upon to perform?

A. It consisted largely of a rear two story addition with a sun room on the first floor and a bath room and bedroom, together with dressing rooms on the second floor, plus incidental remodeling.

842 Q. Are the details of that work set forth in these drawings, Government's Exhibit 109?

A. Most of the work is shown on the drawings.

By Mr. Barnett: Your Honor, I will offer in evidence Government's Exhibit No. 109.

By Mr. Stewart: Your Honor, may we object, in the interests of holding the record down to something within reason, it is an expenditure, and a witness or somebody can tell us the amount. We don't need to look at the plans. It might just be confusing.

By the Court: Well, if you will stipulate to his testimony.

By Mr. Stewart: I will be glad to.

By the Court: On what was spent and who paid it, I think I will honor your objection.

By Mr. Stewart: I will be glad to. If Mr. Barnett will furnish us with the amount, we will be glad to.

By the Court: Suppose you proceed with the
843 testimony, and if there are no objections, I may honor his objection.

By Mr. Barnett:

Q. Mr. James. what are some of the other things—

you were to build a sun room on the back of the house, is that correct?

A. That is right.

Q. And the upstairs, a bedroom?

A. One bedroom and a bathroom and dressing rooms.

Q. Were there any changes in windows throughout the building?

A. All the windows, all the wood windows in the existing house were replaced with steel casement sash.

Q. And the manufacturer of that sash was?

A. That was Hopes Windows of Jamestown, New York.

Q. Is that substantially the work that was done on the house?

A. That is substantially the work that was done.

Q. Was that work performed?

A. It was done.

Q. During what period of time was it done?

A. We received the contract late in 1938 and 844 started work early in 1939.

Q. How long did you continue performing the work until you had completed?

A. I believe the work was completed in June or July of 1939.

Q. If you recall, what was the approximate total cost of this addition on the house?

A. The total cost of all the work was about $30,000.00.

Q. Now did you have anything to do with collecting the payments on this work?

A. I did.

Q. On how many different occasions, if it was more than one, how many different occasions did you collect for payment on the work?

A. I would say it was six or seven times.

Q. Will you describe for us the manner in which a

contractor receives payment with respect to completion of work?

A. On this particular contract?

Q. In general, I mean.

A. Yes. We were paid 90 per cent of the cost of the work as it progressed, and we made application once a month, at the end of the month, for the work done
845 during that month.

Q. On this particular job you made application for work as it progressed to whom?

A. To the architects.

Q. And the architect's name was?

A. Schmidt, Garden & Erikson.

Q. After making application for the payment, what happened next?

A. The architects checked this application for payment and approved it. He then issued a certificate which stated that we were entitled to a payment of so many dollars at that time.

846 Q. And in this particular time, on five or six occasions you received payments in that manner, did you?

A. We did.

Q. Now, in order to receive the payments, what did you do on this job?

A. On this particular job, we received a call from the architects to pick up our payment at their office.

Q. Was that customary?

A. Many times we get—

Q. I mean, was that customary in your business?

A. No. On other work we just received the payments in the course of general business through the mail.

Q. In check form?

A. In check form.

Q. In this case, after receiving the call from the architects' office—incidentally, who at the architects' office would call you, if you know?

A. Sir?

Q. Who at the architects' office would call you, 847 if you know?

A. I don't know.

Q. After receiving the call, what would you do?

A. I personally went over to the architects' office and picked up the payment.

Q. From whom did you pick up the payment?

A. From the receptionist.

Q. Well, how was the payment given to you?

A. The payment was given to us in an envelope.

Q. Well, what did the envelope contain?

A. The envelope contained currency.

Q. Did the currency have any particular denominations?

A. Well, if the payments were large, the bills were large.

Q. By that you mean what?

A. Well, I would say, to the best of my recollection, it was in thousand dollar bills.

Q. And some of the payments were in what amounts, if you can recall?

A. We started out rather easily. The first payment was about $3,200, and the next month it was about $8,000, and then $6,000 and $6,500 and then it tapered down 848 to the final payment.

Q. And the whole amount of the job was paid for in this manner, was it?

A. Yes, sir.

Q. During the course of the work on that building, did you have any dealings with the owner of the building?

A. I had no dealings with him. I met him once at the job site.

Q. And your dealings were with whom?

A. With the architects, Schmidt, Garden & Erikson.
Q. Who, particularly, for the architects' firm?
A. Mr. Hugh Garden.
By Mr. Barnett: That's all, your Honor.
By Mr. Stewart: No cross.
By Mr. Green: No cross.
By the Court: You may stipulate, if I may recite it, that the work the witness testified to was done according to regular drawings, and, on that stipulation, the drawings may be withdrawn.
By Mr. Stewart: We join in that, your Honor, and we can save the trouble of bringing in the architects,
849 or anything like that. We don't dispute the amounts.
If the prosecutor will furnish the amounts, we will agree to it.
There is cross examination.
By Mr. Barnett: You may go, Mr. James.
By the Witness: Thank you.

(Witness excused)

850 STANLEY A. YAEGER, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

Q. Will you state your full name, please?
A. Stanley A. Yaeger, Y-a-e-g-e-r.
Q. Y-a-e-g-e-r?
A. Yes.
Q. Where do you live, Mr. Yaeger?
A. 2508 Wesley Avenue, Berwyn.
Q. What is your occupation?
A. Banker.
Q. With what bank are you connected?

A. Oak Park National.

Q. What is your position at the Oak Park National Bank?

A. Vice president.

Q. How long have you been in that position?

A. Twenty years.

Q. In your position at the Oak Park Bank, do you have custody of, and control of certain records, or
851 access to certain records?

A. That is right.

Q. What is the nature of those records?

A. Trust records and other bank records.

Q. Mr. Yaeger, did you have an escrow file in the name of DeLucia?

A. I did.

Q. When did you have that escrow file at your bank?

A. That was in about 1938.

Q. 1938?

A. Yes.

Q. Can you tell us the circumstances under which you opened the escrow account?

A. The broker brought in—

Q. Can you speak up a little bit?

A. A broker brought in a contract and he wanted to have an escrow in the bank and they deposited in the escrow a warranty deed and $2,000.00 in cash.

Q. Will you describe for us a little bit, so we understand, what the function of the bank is in such an operation such as this?

A. Well, it is to get the parties together so they
852 have a place in which to deposit various things and to draw up an agreement to coincide with the contract.

Q. And is one of the purposes of it so you will hold the money of the purchaser until title is shown to be good by the seller?

A. That is right.

Q. And then all the money is paid in to you by the purchaser, is it?

A. That is right.

Q. And then you make the disbursements out to the seller of the property?

A. That is right.

By Mr. Barnett: Miss Reporter, will you mark this document as Government's Exhibit No. 82 for identification, please?

(Thereupon said document was marked Government's Exhibit 82 for identification.)

By Mr. Barnett:

Q. Mr. Yaeger, I hand you documents which have been marked for identification Government's Exhibits Nos. 77, 78, 79, 80, 81 and 82 and ask you if those 853 documents are from your escrow trust file in connection with this transaction that you just testified about.

A. They are.

Q. And are they documents which were kept in the regular and ordinary course of your business?

A. That is right.

Q. Is it your custom to keep such documents?

A. That is right.

By Mr. Barnett: Your Honor, I would like to offer at this time Government's Exhibits Nos. 77, 78, 79, 80, 81 and 82.

By Mr. Stewart: No objection.

By Mr. Barnett: No objection.

By the Court: No objection?

Mr. Stewart. No objection.

By the Court: It may be received, subject to the same conditions as outlined before.

By Mr. Green: May we see it?

By Mr. Stewart: If your Honor will make that statement once in a while, then we don't need to interrupt at all.

By the Court: I have got to look at you to see
854 if you are nodding or shaking your head.

By Mr. Stewart: All right.

(Said documents, so offered and received in evidence, were marked Government's Exhibits 77, 78, 79, 80, 81 and 82.)

By Mr. Barnett:

Q. I will hand these back to you, Mr. Yaeger, so that you may refresh you recollection.

Mr. Yaeger, this transaction took place when?

A. In 1938.

Q. And approximately what month in 1938?

A. September 21st of 1938.

By Mr. Gorman: Mr. Yaeger, will you keep your voice up, please?

By Mr. Barnett: September 21, 1938.

By the Witness: That's right.

By Mr. Barnett:

Q. What was the address of the property involved?

A. That was on 812 Lathrop Avenue. River Forest.

855 Q. Do you have a record of who the seller of that property was?

A. We do.

Q. Who was the seller?

A. Hannah M. Smith.

Q. Now, who did you deal with so far as the purchaser is concerned, on this property?

A. Well, the purchaser was Nancy DeLucia.

Q. And did you deal with Nancy DeLucia?

A. I did.

Q. Now, what was your first dealing with Nancy DeLucia? What occurred on the first time you met Nancy DeLucia?

A. Well, she deposited $2,000 as earnest money.

Q. With you, personally?

A. With me, personally.

Q. And was that in currency or in check form?

A. Currency.

Q. Did anything else occur on that occasion? Did she sign a contract at that time?

A. No. The contract, it was signed outside.

Q. And was the contract brought in to you?

A. The contract was brought in to us.

856 Q. Do you have the contract here?

A. Yes.

Q. What is that exhibit number?

A. That is 80.

Q. That is Exhibit 80?

A. Yes.

Q. Now, did you prepare a proposed closing statement?

A. I did.

Q. Do you have that?

A. I do.

Q. What exhibit number is that?

A. That is 78.

Q. That is Exhibit No. 78?

A. Yes.

Q. When was that prepared?

A. You mean that date that I prepared this?

Q. Yes.

A. Well, that was subsequent to the date of the escrow agreement, which would be after September of 1938.

Q. And what is Exhibit No. 77?

A. 77 is a memo.

857 Q. Which started the whole transaction?

A. No. It is just a plain memorandum.

Q. But it is in connection with this deal?

A. That is right.

Q. Now, after Mrs. DeLucia made the down payment of $2,000, how much more remained to be paid to complete the purchase price?

A. Some $23,000.

Q. And did you subsequently see Mrs. DeLucia again?

A. Did I see Mrs. DeLucia?

Q. I say, did you see Mrs. DeLucia again after she paid the $2,000?

A. I did.

Q. How long after the first occasion?

A. Oh, maybe a week or so.

Q. Which would bring us up to about what date?

A. October 7th of 1938.

Q. October 7th.

And, is that the date of the closing?

A. That is about the date of closing.

Q. Did that take place in your office?

A. It did.

858 Q. And did you receive any more sums of money from Mrs. DeLucia on that date?

A. Received the $22,600.00.

Q. And in what denominations or how did you receive it, cash, currency, or check?

A. That was cash.

Q. And in what denominations were the bills?

A. There were twenty-three thousand dollar bills.

Q. Did you make change?

A. We made change for four hundred.

Q. Did that complete the total amount of money that Mrs. DeLucia was obliged to pay in order to make the purchase?

A. Our records indicate that on the following day that an additional escrow deposit was made of $783.31.

Q. And that record which you are referring to is your escrow record, Exhibit No. what?

A. 81.

Q. That document shows the receipt of the money. Does it show the disbursements, also?

A. It does.

Q. So that you clear out your account?

A. That is right.

859 By Mr. Barnett: I would like to read a portion of this, your Honor.

Government's Exhibit No. 78 is a longhand sheet of paper written in pencil.

By Mr. Barnett:

Q. Is that written in your handwriting, Mr. Yaeger?

A. It is.

By Mr. Barnett: The lefthand side of that page reads "Buyer," and the right hand side reads "Seller."

Under the "Buyer" it reads, "Paul Salvi allowed credit for 1931 taxes and other matters. Sales price, $25,000.00. Commission, R. C. McCabe."

By Mr. Barnett:

Q. Was he the real estate broker?

A. He was.

Q. And the name "Paul Salvi", was that Mr. DeLucia at that time?

A. I don't know.

Q. Is this written in your handwriting?

A. It is.

860 By Mr. Barnett: The seller's name is "Hannah M. Smith" and the sales price is $25,000.00, and there are other details concerning expenses.

By Mr. Barnett:

Q. Government's Exhibit No. 77 is a yellow sheet of paper which is contained in your file also, Mr. Yaeger?

A. That was in the file.

By Mr. Barnett: That reads "Mrs. Hannah M. Smith, seller, 812 Lathrop Avenue, River Forest. Paul Salvi, buyer, Chicago. $25,000.00 selling price. Payable cash. Mrs. Smith to remain in house to up and including November 17, 1938."

By Mr. Barnett:

Q. Now, Mr. Yaeger, I hand you a document which has been marked Government's Exhibit No. 83 which is a photostatic copy of a trust agreement which I have the original of.

Have you compared them?

A. I have.

Q. Will you describe for us what the nature of 861 that trust agreement is?

A. The what? I did not get that.

Q. Will you describe for us the nature of the trust agreement?

* * *

862-864 * * *

865 By Mr. Barnett:

Q. I will hand you Government's Exhibit No. 85, Mr. Yaeger, which is a photostatic copy of another trust agreement, and ask you if that is part of the records of your bank?

A. It is.

Q. What does that trust agreement refer to?

A. That trust agreement is the same form as the other one only it refers to property held in Kendall County, Illinois.

Q. The farm land?

A. That is farm land.

Q. Did your bank act as the legal holder of that property?

A. We did.

Q. Beginning on what date?

A. On April 8th of 1948.

Q. Who were the beneficiaries?

A. Nancy and Paul DeLucia.

Q. Can you tell us how long your bank continued as trustee of that property?

A. No, I cannot.

By Mr. Barnett: Your Honor, I will offer Gov-
866 ernment's Exhibit No. 85, which is the land trust on the farm.

By the Court: Same ruling.

(Said document, so offered and received in evidence, was marked Goverment's Exhibit 85.)

By Mr. Barnett:

Q. Mr. Yaeger, the name of the bank with which you are associated is the Oak Park National Bank, is that correct?

A. That is correct.

Q. How long has that bank been known as the Oak Park National Bank?

A. Since January 2 of 1945.

Q. And prior to that date, what was it known as?

A. Prairie State Bank.

Q. Do you have still in your custody and control records of the old Prairie State Bank?

A. Yes, we do.

Q. I will hand you Government's Exhibit No. 87, Mr. Yaeger, and ask you if that is your bank's record of cashier's checks sold by the bank or purchased by others from the bank?

867 A. It is.

Q. I will hand you Government's Exhibit No. 86,

which is a cashier's check. It has on the top of it Prairie State Bank, and I ask you if that check was purchased according to the records at the Prairie State Bank?

A. It was.

Q. On what date was it purchased according to the records?

A. It was purchased on February 25, 1943.

Q. To whom was the check made payable?

A. Prudential Company of America.

Q. Do you records disclose the purchaser of the check?

A. Yes, they do.

Q. Who was the purchaser?

A. Paul DeLucia.

Q. What is the amount of the check?

A. $9400.00.

Q. Was that check returned to your bank after it was issued, cancelled?

A. That is right.

Q. Does it bear an endorsement on the reverse side?

868 A. There is an endorsement, Prudential Insurance Company.

By Mr. Barnett: Your Honor, I will offer Government's Exhibits 86 and 87, and submit photostatic copies thereof and withdraw the originals.

By the Court: Same ruling.

(Said documents, so offered and received in evidence, were marked Government's Exhibits 86 and 87.)

By Mr. Barnett: Your Honor, I will offer at this time Government's Exhibit No. 89-A, which is an exemplified copy of the recorded trust deed. If we subsequently agree on it, I will be happy to withdaw it if Mr. Stewart doesn't want it in the record.

By the Court: I have no way of indicating as to what to expect a stipulation upon for fear that I might inadvertently express an opinion. I would rather refrain from doing it. Is that clear, Mr. Stewart?

869 By Mr. Stewart: I understand, your Honor.

By the Court: I mean, I don't want to say you ought to stipulate on this document, and not on this one, because, not knowing the details of it, I don't want to express any opinion. The stipulation has got to be between you two. I merely pass upon its admissibility.

I would like to encourage brevity, but of course, that is entirely up to you.

By Mr. Barnett: Suppose we go ahead with the documents?

By the Court: If he stipulates, you may withdraw them.

By Mr. Barnett: I am offering Exhibit 89-A, which is the recorded trust deed, and I am offering Government Exhibit No. 89-B, which is a recorded release deed with reference to the Oak Park National Bank, your Honor, in connection with this property.

870 Is there a ruling?

By the Court: Same ruling.

(Said documents, so offered and received in evidence, were marked, respectively, Government Exhibits 89-A and 89-B.)

By Mr. Barnett:

Q. The two trust that we spoke of, Mr. Yaeger, which are trust numbers of 1932 and 1933, your bank acted as the trustee for these properties holding them for the DeLucias, is that correct?

A. That is correct.

Q. One property was the River Forest house and the other property was the farm in Kendall County?

A. That is right.

Q. Now, can you recall how long your bank remained as the trustee for these properties?

A. No, I couldn't say definitely.

Q. Can you say approximately?

A. I would say the farm, I think we deeded the farm out in 1950 or 1951.

Q. In early 1951?

A. It could be, yes, early 1951.

871 Q. When you say you deeded the farm out, you mean at that time the farm was sold?

A. It was sold.

Q. How about the River Forest property?

A. I don't recall.

Q. Was that still active throughout the year 1950?

A. I could not say definitely.

Q. Do you mean that you think you may have disposed of the property before the end of 1950?

A. I don't know.

Q. Do you have a record from which you can check that?

A. I think we can find a record on it.

Q. Do you have a record here in the court room?

A. No, I do not.

By Mr. Stewart: Your Honor, if Mr. Barnett knows the date the house was sold, we will be glad to agree to it.

By Mr. Barnett: All I want is an agreement that the building remained in the trust throughout the year 1950.

By Mr. Stewart: That is a fact.

By the Court: I beg your pardon?

872 By Mr. Stewart: That is a fact. He doesn't need to bring any other witnesses to prove that.

By Mr. Barnett: That is all, Mr. Yaeger.

By Mr. Stewart: No cross.

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873-876 * * *

877 **FRANCES M. BLAKELY, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:**

Direct Examination by Mr. Barnett.

Q. Will you tell us your full name, please?
A. I beg your pardon?
Q. Will you tell us your full name, please?
A. Frances M. Blakely.
A. F-r-a-n-c-e-s.
By the Court: Can you hear her back there?
Will you please speak a little louder, please?
By the Witness:
A. Frances, F-r-a-n-c-e-s. M is the initial, B-l-a-k-e-l-y.
Did you get it?
By Mr. Barnett:
Q. Where do you live, Miss Blakely?
A. At the moment, I live at the LaSalle Hotel.
878 Q. In Chicago, Illinois?
A. I beg your pardon?
Q. In Chicago, Illinois?
A. Yes.
Q. Where are you employed?
A. Where am I what?
Q. Employed. Where do you work?
A. The LaSalle Hotel. We have an office there.
Q. And by whom are you employed at the LaSalle Hotel?
A. By the real estate company of Roanoke Real Estate Company.
Q. Are they the owners of the LaSalle Hotel?
A. That belongs to Mr. Brundage. It is Avery Brundage, d/b/a Roanoke Real Estate Company.
Q. And have you been associated with Mr. Brundage for some years?

A. Yes, 25, at least.

Q. What is that?

A. 25.

By the Court: 25 years, at least.

By Mr. Barnett:

Q. During the years 1938 and 1939, were you 879 employed by Mr. Brundage?

A. Yes.

Q. What was his business at that time?

A. Well, various things. One was the Avery Brundage Company.

Q. Was that a construction company?

A. Yes, that was, yes, a construction company.

Q. And what was your job with Mr. Brundage then?

A. I was secretary of the company and also secretary to Mr. Brundage.

Q. Did you keep records of payments made on various jobs that were under construction?

A. I kept the final payments, yes, the payments that went into his final books. I did not keep the records of the construction company. I only kept the totals that came in, the bills, understand, and the checks, and so forth.

I did not work in the construction company.

Q. I see.

I hand you Government Exhibit Nos. 114 and 113.

A. Yes.

Q. I ask you if those documents were written in 880 your hand?

A. Yes. This was written by me. There were the final figures that came in. These were part of his personal books. In fact, we had a cost on every job that was done, the final cost, and this is the cost of the DeLucia job, and these are the payments that came in.

Q. You are now referring to Exhibit No. 113 when you say "These are the payments that came in"?

A. I beg your pardon?

Q. I say, you are now referring to Government Exhibit 113?

A. Yes.

Q. When you put your finger on the sheets and when you said, "These were the payments that came in"?

A. Yes. Here it is. These are the payments that came in, the various ones, (indicating). There are only a few.

And then, the cost went against those payments.

Q. You have a record of both the costs to your firm and—

881 A. The cost, and the income.

Q. And the income?

A. Yes.

882 By Mr. Barnett: Your Honor, I will offer Government's Exhibits 113 and 114.

By the Court: The same ruling. They may be received subject to the general objection by Mr. Bulger.

(Said documents, so offered and received in evidence, were marked Government's Exhibits 113 and 114.)

By Mr. Barnett: I would like to read from Government's Exhibit 113, which reads at the top:

"DeLucia residence, 1939."

And then, in the date column "February 18th" and a payment of $3,272.00; March payment of $8,000.00; April, a payment of $6500.00; May, a payment of $6,000.00; July 7th, a payment of $5500.00 and September, final payment of $873.90, for a total of $30,145.90.

I have no further questions of Miss Blakely, your Honor.

By Mr. Stewart: No cross.

By the Court: Thank you very much.

By Mr. Barnett: You may step down, Miss
883 Blakely.

(Witness excused.)

By Mr. Barnett: Your Honor, for the record, I am substituting photostatic copies of Exhibits Nos. 113 and 114 and they have been marked.

By the Court: There is no objection and they may be so substituted.

By Mr. Barnett: Mr. Gibson.

SIDNEY E. GIBSON, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

Q. Will you tell us your full name, please?

A. Sidney E. Gibson.

Q. Where do you live, Mr. Gibson?

A. 2240 Granville, Chicago.

Q. Will you raise your voice just a little?

A. 2240 Granville, Chicago.

Q. What is your occupation?

A. I am an assistant cashier at the Northern Trust Company.

884 Q. And in that position, do you have custody and control of the bank records of the Northern Trust Company?

A. I do.

Q. Have you been subpoenaed to bring certain records into court with you?

A. I have.

Q. Among those records, do you have a record of an account in the name of Mr. Paul DeLucia or Mrs. Nancy DeLucia?

A. I do.

Q. Without going into that, Mr. Gibson, I will hand you Government's Exhibit No. 90 and Government's Exhibit No. 91 and ask you if Government's Exhibit No. 90 is the signature card or a photostatic copy of the signature card on that account.

A. It is.

Q. And what is Government's Exhibit No. 91?

A. That is ledger sheets supporting the account of Mr. DeLucia and Mrs. Nancy DeLucia.

Q. When was that account opened?

A. This account was opened on January 28, 1936.

Q. When was it closed, if it was closed?

A. January 4, 1949.

885 Q. I will hand you Government's Exhibit No. 93 and ask you if you can identify those documents as being proof exhibits.

A. These are the ledger sheets of the DeLucia farm account.

886 Q. That is another bank account?

A. That is another bank account.

Q. On what date was that account opened?

A. That was opened on January 4, 1949.

Q. Can you raise your voice just a little, Mr. Gibson? I am having a little trouble hearing you even here.

A. This account was opened January 4, 1949.

Q. Is it still open or was it closed?

A. No, this account was closed April 10 of 1951.

Q. Now I hand you Government Exhibit No. 92 and ask you if that is the photostatic copy of the signature card on the account that you have just described?

A. Yes, that is the partnership card of the DeLucia farm account.

Q. Who are the authorized signatures on that account?

A. Mr. Paul DeLucia and Mrs. Nancy DeLucia.

Q. These ledger sheets which I have shown you, that is, the photostatic copies of the ledger sheets that I have shown you, Mr. Gibson, reflect what in connection
887 with the accounts; that is do, they reflect checks?

A. All the deposits and withdrawals on the account.

Q. Were these checking accounts?

A. These were both checking accounts, yes.

Q. So withdrawals would be by the issuance of checks, right?

A. Checks, yes.

Q. Were these records kept in the ordinary business of your bank?

A. They were.

By Mr. Barnett: Your Honor, I offer Government Exhibits 90, 91, 92 and 93.

By the Court: Same ruling.

(Said documents, so offered and received in evidence, were marked, respectively, Government Exhibits 90, 91, 92 and 93.)

By Mr. Barnett:

Q. Mr. Gibson, do you have among the records that you have there a record of cashier's checks purchased at your bank?

A. Yes, we do.

Q. I hand you Government Exhibit No. 94, which
888 is a photostatic copy of a check requisition, I believe, and ask you if I have correctly described it?

A. Yes, this is our cashier's check requisition.

Q. Is it the custom at your bank to have one of these filled out when a cashier's check is being purchased?

A. That is correct.

Q. Now, I hand you Government Exhibit No. 95, which is a photostatic copy of a cashier's check and ask

you if Exhibit No. 95 was purchased as a result of the requisition which was made out?

A. That is correct. This is the check.

Q. And your records disclose that that check was purchased by whom?

A. This check was puchased by a person by the name of Alfred J. Cilella.

Q. And to whom was the check made payable?

A. The Prudential Insurance Company of America.

Q. What is the amount of the check?

A. $30,122.59.

Q. Was that check returned to your bank in a cancelled condition?

A. The check was returned and paid by us and 889 cancelled.

By Mr. Barnett: Your Honor, I will offer Government Exhibits 94 and 95.

By the Court: Same ruling.

(Said documents, so offered and received in evidence, were marked, respectively, Government Exhibits 94 and 95.)

By Mr. Barnett:

Q. Will you look at that check requisition again, Mr. Gibson?

Do you find any initial on the requisition itself?

A. It is the initial of the teller and the man who signed the check is also on there.

Q. Any other initials?

A. No other person's initials, no.

Q. Are there any other initials on it indicating the nature of the transaction?

A. Well, what was received for the transaction?

Q. Yes? How many initials do you find on there?

A. There are initials of what was taken in payment.

890 Q. What are those initials?

A. Also the initials of the teller and the initials of the signer.

Q. What are the initials of what was taken in?

A. This is a currency transaction. Currency was taken in.

891 Q. What initals do you find on there that indicate that?

A. C. Y. The teller puts that on as a normal course.

Q. That indicates currency?

A. Yes.

Q. Before going on the stand, Mr. Gibson, did you have an opportunity to examine the ledger of Paul DeLucia's bank account with your bank?

A. Yes.

Q. Did you find a withdrawal on March 13, 1949? Did you find any withdrawals in connection with that check for the amount of $30,122.59?

A. That I didn't look at. I can probably check it on the sheet here if you wish.

Q. If you will, on March 13.

A. That amount was?

Q. The amount of the check was $30,122.59.

A. There is no listing of an amount like that on the ledger sheet.

Q. For that date March 13?

A. For the account.

Q. Is there a deposit of any such sum on that date?

892 A. No.

By Mr. Barnett: No further questions of Mr. Gibson, your Honor.

By Mr. Stewart: No cross, your Honor.

By the Court: Thank you very much.

(Witness excused.)

By Mr. Barnett: Your Honor, at this time I would like to read another stipulation.

Stipulation No. 16.

It is further agreed by and between the parties hereto that if Alfred J. Cilella were called to testify in this case, he would testify that he is an attorney with offices at 1 North LaSalle Street, Chicago, Illinois;

That in February or March, 1942, Paul DeLucia came to Cilella's office, which was then at 134 South LaSalle Street, Chicago, and retained him to represent DeLucia in the purchase of a farm in Kendall County, Illinois;

That on the morning of March 13, 1942, Cilella and
893 DeLucia went together to the Northern Trust Bank in Chicago, Illinois;

That DeLucia handed Cilella $30,122.59 in currency, consisting of thirty one thousand dollar bills and the balance in smaller bills;

That Cilella with this currency purchased a cashier's check at the bank, which is Government's Exhibit No. 95;

That this check was thereafter turned over to a representative of Prudential Insurance Company as part of the purchase price of the Kendall County farm;

That the closing of this deal took place in Cilella's office on March 13, 1942;

That subsequently Cilella billed DeLucia for $528.25 for expenses incurred by Cilella on behalf of DeLucia in connection with closing this deal;

That on June 24, 1942, Cilella received payment of the $528.25 from DeLucia; that Cilella received no fee for his services in this transaction.

894 By Mr. Green: Let the record show the general objection of Mr. Bulger.

By the Court: It may so show.

895 By Mr. Barnett: Mr. Cusick.

WILLIAM L. CUSICK, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

Q. Will you state your full name, please?
A. William L. Cusick.
Q. Where do you live, Mr. Cusick?
A. I live at Joliet.
Q. The City of Joliet?
A. City of Joliet, yes.
Q. What is your address?
A. 523 North Raynor Avenue.
Q. Can you raise your voice just a little?
What is your occupation?
A. I am a real estate broker.
Q. How long have you engaged in that profession?
A. About 30 years.
Q. Have you ever had occasion to do business with Mr. Paul DeLucia?
A. Yes.
896 Q. Do you know Mr. DeLucia?
A. Yes.
Q. Do you see him in the court room?
A. Yes.
Q. Sitting at counsel table?
A. Yes.
Q. When did you first meet Mr. DeLucia?
A. February of 1942.
Q. What were the circumstances under which you met him?
A. Well, he come down to buy a farm and I sold him one.

Q. And what?

A. And I sold him one.

Q. Will you describe for us the first meeting that you had with him in connection with the purchase of the farm?

A. Well, I met him at the Louis Joliet Hotel in Joliet.

Q. How did you happen to meet him?

A. Well, I didn't know him, but Mr. Francis Curry made the appointment to meet him there, and Francis
897 didn't get in, so I paged Mr. DeLucia and he stepped up.

Q. And all this took place in the Louis Joliet Hotel?

A. In the lobby, yes.

Q. Did you have a conversation with Mr. DeLucia at that time?

A. Yes.

Q. What was the conversation?

A. About this farm that he purchased later.

Q. Just tell us the conversation?

A. Well, I think he asked me the price and how large it was.

Q. Did you tell him who you were?

A. Oh, yes, sir; yes.

Q. And what did he say to you?

A. Well, as I remember, I think about all we talked about was where the farm was and what the price was and how many acres in it.

Q. Were the two of you alone?

A. No, he had somebody with him, but I don't think I remember who they were. I think there was one or two gentlemen with him.

898 Q. That you didn't know?

A. No; no.

Q. All right. Did the farm have a name?

A. Well, it belonged to the Prudential Insurance Company, but I think it was known as the Hoke Farm.

Q. Did you get together on a price at that time? Was an offer of a price made?

A. Oh, yes. They had an offer, but it was rejected.

Q. I beg pardon?

A. I said their first offer was rejected.

Q. Did you make an offer at the time of the first meeting or was an offer made to you at the time of the first meeting?

A. No, there was an offer made before I met Mr. DeLucia.

Q. On behalf of Mr. DeLucia?

A. Yes.

Q. By whom was that offer made?

A. By Francis Curry.

Q. A resident of Joliet?

A. Yes.

899 Q. Was any earnest money paid in connection with that offer?

A. Yes.

Q. The first original offer?

A. That is right.

Q. Who gave you the earnest money?

A. Well, Francis Curry brought it in to the lawyer's office.

Q. In what form was it?

A. It was in the form of a draft.

Q. Is Government's Exhibit No. 97 the draft to which you had reference?

A. That is right. That is right.

Q. That is a draft in the amount of $5,000.00?

A. That is right.

Q. Subsequently did you receive another offer for the property?

A. I think the next offer was raised from $125,000.00, to, I think, $135,000.00, and I called the Springfield office and they rejected that one. So I think we called again and probably offered them, if I remember, $140,000.00. That was turned down. So then I called again the
900 third time and offered them $145,000.00, and they said they would take it.

Q. Did you have a series of meetings with Mr. DeLucia in between here when the price was raised each time?

A. Oh, yes. We were all there together.

Q. All during this time, did you hold on to this $5,000.00 draft?

A. Yes. I think I did. It was returned to me.

Q. I beg pardon?

A. It was returned to me and I kept it.

Q. When did the sale of the farm eventually take place then?

A. You mean when it was closed?

Q. Yes, not the—well, did you sign a contract on it?

A. No, the only thing I did was send down the offer to purchase.

Q. I beg your pardon. Was there a contract signed on it?

A. I don't believe there was. I hadn't anything to do with it unless the Prudential had them sign one.

901 Q. Was that draft used as part of the down payment on the farm?

A. That is right, yes.

Q. Do you know the date on which that transaction took place, the approximate date?

A. Oh, the date that I sent the draft back, you mean?

Q. No, the date on which the whole deal was closed, the approximate date on which it was all closed up.

A. Well, I think it was sometime in March, but I haven't got the date.

Q. March of what year?

A. March of 1942.

Q. Now I hand you Government's Exhibit No. 100 and ask you if you can identify this document?

A. Yes, that was the offer to purchase.

Q. Is that the original offer?

A. If this is the original offer—I thought my original offer was $125,000.00, and this figures out $135,000.00.

Q. All right. What is the date of that document?

A. This was February 9, 1942.

902 Q. Is your signature on it?

A. Yes.

Q. And that was part of this deal, was it?

A. Yes.

Q. But eventually the deal was closed for $145,000.00?

A. That is right.

Q. This property was located where, this farm that we are talking about.

A. Well, it was in about four sections in Kendall County. I think in Big Grove Township.

Q. Kendall County, Illinois?

A. That is right.

Q. Four sections is how many acres?

A. Well, four sections would be four times 640, but it wasn't—it was just a part of each section.

Q. What was the total acreage?

A. 1104 acres.

Q. Were you present at the closing of this deal?

A. No, I wasn't. I was late getting in. They closed it in Chicago here.

903 Q. They closed in it Mr. Cilella's office?

A. I think so, but I didn't get in in time.

Q. Did you arrive at Mr. Cilella's office?

A. I arrived in the hallway, and Mr. Cilella and Mr. DeLucia and Nancy DeLucia were coming down. I just met them in the hallway.

Q. I see.

What did you do after that?

A. Well, we all went to lunch together.

D. Did that end your transaction with Mr. DeLucia in connection with the purchase of this farm?

A. That is right.

Q. Did you have any further transactions with him in connection with the farm?

A. Not with that first sale. That was the end of it.

Q. Did you ever see him again?

A. Not until 1951.

Q. What happened in 1951?

A. I sold it for Mr. DeLucia.

Q. How did that come about?

A. Well, there was some man here in Chicago called me. Do you want his name? By the name of Norman
904 Steller who had been a prospect of mine for some time.

He called me and wanted a large farm. He said about two sections. He wanted to know if I had anything like that, and I said, "No, they are a little hard to find."

He said, "Well, I don't think so. I am looking at one right now that is 1104 acres."

I suspected right away it was the DeLucia farm. So as soon as he hung up, I called Paul DeLucia. I said, "Is your farm for sale, Paul," and he said, "Yes. Have you got a buyer?"

I said, "I think we have." Well, that is how we got started on that sale.

Q. Then what happened next?

A. Well, this buyer came from a bank down at Bloomington, the People's Bank at Bloomington. They had called me and told me they had a deposit, I think they said, of $100,000 laying in the bank to buy a good farm. I had taken Mr. George F. Dick, Third, I think he

is the president of the bank, and his farm manager, William Scott, to look at some farms out in Livingston County—

905 Q. Just tell us about your dealings on Mr. DeLucia's farm.

A. Well, of course, then I used the same prospect. I called the bank at Bloomington and told them I thought I had a farm that might suit.

Q. Did you take the prospect out to see Mr. DeLucia's farm?

A. No, I didn't. I took the banker and farm manager.

Q. Was Mr. DeLucia there when you took them out?

A. Yes.

Q. You showed them over the farm?

A. That is right.

Q. And in the chronology of events, after showing that farm to these two people, what happened then?

A. Well, then Mr. Condon, who was the purchaser and he and Mr. Scott—

Q. What was your connection with it next?

A. Oh, the next connection I had was Paul DeLucia called me and said that they were out there and they bought the farm.

Q. Then what happened?

A. He told me they are going to close it, I think
906 it was the Oak Park Bank here—

Q. The Oak Park National Bank?

A. National Bank. He said, "We are going to close it tomorrow, and you had better be there."

Q. This would be about what date?

A. Well, I imagine it was the latter part of February sometime.

Q. Well, there was a contract to sell entered into between Mr. DeLucia and Mr. Condon, was there not?

A. That is right.

Q. You received a copy of that contract of sale, did you?

A. That is right.

Q. Is Government Exhibit 98 a copy of that contract?

A. Yes, it is. That is the 8th day of February, 1951.

Q. That is the date the contract was signed, right?

A. Right.

Q. That is not the date of the closing?

A. No.

Q. Who was present at the time that contract was
907 signed?

A. Well, Mr. Condon was there, their attorney, Mr. Stone, and the banker, Mr. Dick, the farm manager, Mr. Scott, and a Prudential loan man, Mr. Wallace T. Philson, and myself, and two from the bank, I think Mr. Yaeger—is that his name? I believe.

908 Q. And was there a conversation at that time about mortgages?

A. Yes.

Q. Will you tell us what the conversation was?

A. Well, the Prudential already had a mortgage on the farm. I don't know just what the balance was. I think it was eighty some thousand.

And, of course, I wanted to hold the mortgage. Mr. Condon assumed the mortgage, agreed to assume it.

Q. Tell us what was said.

A. He said, "No, I have already made a commitment with some broker down in Bloomington."

So, of course, I dropped it, then. I let the Prudential take it.

Q. I can't hear you.

A. I say, I said no more about it, about the mortgage.

Q. I see. Then, in the chronology of events, what happened next after this contract was signed?

A. Well, there was some argument—oh, yes; Mr. Scott, I think, from Bloomington called me and said that some of the personal property was being sold, like some of
909 the cattle and some of the implements, I think.

So, I think I did call Mr. DeLucia and told him we would like to meet down at the farm.

Mr. Condon also came from New York and the bankers, and the farm manager.

So, we all met, then, the four of us and we straightened it all out in about two minutes.

Q. I see. Now, when did the closing take place?

A. About the middle of March, 1951.

Q. And who was present at the closing?

A. Well, Mr. Condon was there and Mr. DeLucia and, I think, Mr. DeLucia's attorney.

Q. Whose name was what?

A. Mr. Bulger. I forgot his first name. And, Mr. Wallace T. Philson from the Prudential was there.

Q. That is the Prudential—

A. Life Insurance Company.

Q. —Life Insurance Company?

A. Yes.

Q. And their connection was, that they had the mortgage?

A. Yes.

Q. Who else was there?

910 A. And, there was one or two from the bank there. I guess Mr. Stone was there again, yes. I think that is about all.

911 Q. And the whole deal was closed at that time, then?

A. That is right.

Q. The money was paid?

A. That is right.

Q. Into the bank as an escrow?

A. Yes.

By Mr. Barnett: Your Honor, I would like to offer these documents, Government Exhibit Nos. 98 and 100.

By the Court: The same ruling. They may be received.

(Said documents, so offered and received in evidence, were marked, respectively, Government Exhibits 98 and 100.)

By Mr. Barnett: No further questions of this witness, your Honor.

By Mr. Stewart: No cross.

By the Court: Thank you very much.

(Witness excused.)

By Mr. Barnett: Your Honor, it is somebody's
912 fault, but we had better take a recess now, if we may.

By the Court: All right. Give the jurors a few extra minutes.

I would like to say this to you folks in the jury: I want to impress upon you that only what you hear from the witness stand and from the Court is competent evidence and not what you see outside of the court or even in the papers.

Again, along the same line of thinking that I have tried to impress upon you, I want you to keep your minds free and clear so that you may give all the credence and weight to the testimony as given from the witness stand.

Is that clear?

By the Jury: (In chorus). Yes.

By the Court: I hope you have a nice lunch.

(Whereupon a recess was taken in the above entitled cause until 2:00 o'clock p.m. of the same day, Wednesday, May 14, 1958.)

913 • • •

914 • • • JOHN T. GAYNOR, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

Q. Will you tell us your full name, please?

A. John T. Gaynor, G-a-y-n-o-r.

Q. Where do you live, Mr. Gaynor?

A. 10405 South Christiana Street, Chicago.

Q. What is your occupation?

A. I am resident attorney for the Mortgage Loan
915 Department of the Prudential Insurance Company.

Q. Was the Prudential Insurance Company subpoenaed to bring certain records in here this morning.

A. It was.

Q. Do you have those records with you, Mr. Gaynor?

A. Yes, I do.

Q. What do those records consist of?

A. I have an offer to purchase a certain piece of property in Kendall County, Illinois, from the Prudential Insurance Company by Paul DeLucia.

I have a telegram from the home office recommending or approving that sale to Paul DeLucia.

I have a Finance Committee approval of that sale to Paul DeLucia and I have a mortgage payment record.

916 By the Court: If there is no controversy on the sale or the purchase, then may I suggest that you confine yourself to the payments?

By Mr. Stewart: There is no controversy, your Honor.

By Mr. Green: None whatsoever.

By Mr. Barnett: May I offer the records anyway, your Honor?

By Mr. Barnett:

Q. Are Government Exhibits Nos. 100, 102 and 101

photostatic copies of the documents that you have described in your file?

A. They are.

Q. Now from examining the records, can you tell us the date that the sale occurred?

A. The sale occurred March 17, 1942.

Q. What was the selling price of the property?

A. The selling price was $145,000.

Q. What were the terms of the sale?

A. There was $5,000 paid down as earnest money at the time of the execution of this offer to purchase.

917 There was $30,000 paid at the time of delivery of the deed.

The balance was to be financed by a purchase money mortgage in the amount of $110,000.

918 Q. I hand you Government's Exhibit No. 97, a check, a photostatic copy of a check, in the amount of $5,000.00, to the order of the Prudential Insurance Company and ask you if that check bears the endorsement of the Prudential Insurance Company.

A. Yes, it does, of the Illinois branch office of the Prudential Insurance Company.

Q. I hand you Government's Exhibit No. 95, a cashier's check to the order of the Prudential Insurance Company, in the amount of $30,122.59 and ask you if that bears the endorsement of the Prudential Insurance Company.

A. It does.

Q. Now, you have stated that the property was sold subject to a mortgage?

A. That is correct.

Q. And was the mortgage held by the Prudential Insurance Company?

A. The Prudential Insurance Company held the purchase money on the property.

Q. Do you have a record of the payments on the mortgage?

A. Yes, sir, I do.

919 Q. Will you tell us what payments were made on the mortgage?

A. The mortgage was originally for $110,000.00.

On February 26, 1943, there was paid $5,000.00 on principal and $4400.00 on interest.

On March 1, 1944 there was paid five thousand on principal and forty-two hundred on interest.

On March 1, 1945 there was paid $5,000.00 on principal and $4,000.00 on interest.

On March 4, 1946, there was paid $5,000.00 on principal and $3,800.00 on interest.

On March 3, 1947, there was paid $5,000.00 on principal and $3,600.00 on interest.

On March 4, 1948, there was paid $2,000.00 on principal and $3,400.00 on interest.

On March 3, 1949, there was paid $2,000.00 on principal and $3,320.00 on interest.

On March 2, 1950, there was paid $2,000.00 on principal and $3,240.00 on interest.

On March 1, 1951, there was paid $2,000.00 on principal and $3,160.00 on interest.

On March 20, 1951 there was a credit of $77,000 on principal, which was the balance of the loan, plus $128.34 on interest.

920 Q. Who were the obligors on the mortgage to the Prudential Insurance Company?

A. The obligors were Paul DeLucia and Nancy DeLucia, his wife.

Q. I hand you Government Exhibit No. 86, which is a check to the order of the Prudential Company of America, in the amount of $9,400.00, dated February 25, 1943, and ask you if that bears the endorsement of the Prudential Insurance Company?

A. Yes, it does bear the customary endorsement of the Prudential Insurance Company.

Q. I hand you Government Exhibit No. 86-A and ask you if this is a true and correct photostatic copy of your record of payments made on the mortgage.

A. Yes, it is.

By Mr. Barnett: Your Honor, I will offer Government Exhibit No. 86, which was previously offered subject to connection, and Government Exhibit No. 86-A, the record of payments made on the mortgage, Government's
921 Exhibit No. 97, which was previously offered subject to connection, Government Exhibit 95, which I believe has been admitted, and I also offer Government Exhibit No. 100, 101 and 102.

By the Court: The same conditions, for the same reason. The same objection.

(Said documents, so offered and received in evidence, were marked, respectively, Government Exhibits Nos. 86, 86-A, 97, 95, 100, 101 and 102.)

By Mr. Barnett: Your Honor, I am also offering at this time certified and exemplified copies of the deed of Prudential Insurance Company of America to Paul DeLucia and Nancy DeLucia and of the mortgage, wherein Paul DeLucia and Nancy DeLucia are obligors to the Prudential Insurance Company.

By the Court: The same ruling.

By Mr. Barnett: Do you have those exhibit numbers? They are 103 and 104.

922 (Said documents so offered and received in evidence, were marked, respectively, Government Exhibits Nos. 103 and 104.)

By Mr. Barnett: No further questions, Mr. Gaynor.

By Mr. Stewart: No cross examination, Mr. Gaynor.

By Mr. Green: Motion to strike the entire testimony on behalf of the defendant Bulger.

By the Court: The same ruling.

By Mr. Barnett: Thank you, Mr. Gardner.

(Witness excused.)

. . . . . .

EDWARD J. MACK, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

Q. Will you tell us your full name, please?

A. Edward J. Mack, M-a-c-k-.

Q. Where do you live, Mr. Mack?

923 A. 6 Fulton Court, Poughkeepsie, New York.

Q. What is your occupation?

A. I am a practicing attorney.

Q. How long have you been a practicing attorney?

A. Oh, since 1935.

Q. Have you been associated with your father in the practice of law?

A. Yes, I have, since 1935.

Q. And is your father still living?

A. No, he is not.

Q. When did he pass away?

A. February 22nd of this year, at the age of 83.

Q. Did you bring with you, Mr. Mack, certain records of the office?

A. Yes, I did.

Q. Will you produce them, please?

By Mr. Barnett: Will you mark this book, please, Government Exhibit No. 140 for identification?

(Whereupon said document was marked Government Exhibit 140 for identification.)

924 By Mr. Barnett:

Q. Mr. Mack, you have before you a book which has been marked Government's Exhibit No. 140 for identification. Will you tell us what that book is?

A. That is an office ledger of John E. Mack, showing cash receipts and disbursements from the office account.

Q. Is that book under your custody and control?

A. Oh, yes.

Q. Do you recognize the handwriting in the book?

A. Yes. That is Leila Buckley.

Q. Who is Leila Buckley?

A. Presently she is my secretary. She has been with us for the past twenty-one years.

Q. Mr. Mack, will you turn to page 108.

A. 108?

Q. 108.

A. Yes.

Q. Do you find an entry there with reference to Joseph I. Bulger?

A. That is correct.

925 Q. What does the entry state?

A. It shows on February 12, 1944 there was a payment to Judge Mack of $15,000.00.

Q. Judge Mack is your father?

A. That is my father, yes. He was a former Supreme Court Judge in New York State.

Q. Is he a practicing lawyer at this time?

A. What is that, sir?

Q. Is he a practicing lawyer at this time?

A. In 1944, yes, sir.

Q. Now will you turn to page 104 of your ledger.

A. Yes.

Q. Do you find an entry there?

A. I do. On January 27, 1944 there is a payment to Judge Mack of $10,000.00.

Q. Is there anything else recorded there as to what it is for?

A. It says "On account of U. S. against —" it looks like "Nitto."

Q. N-i-t-t-o?

A. N-i-t-t-o.

Q. Is that same entry true with respect to the record on page 108?

A. "Balance of retainer fee, U. S. against Nitto."

926 Q. So that is a total of $25,000.00?

A. That is correct.

By Mr. Barnett: I will ask the Reporter to mark this document as Government's Exhibit 139 for identification.

(Thereupon said document was marked Government's Exhibit 139 for identification.)

927 By Mr. Barnett:

Q. I hand you, Mr. Mack, Government Exhibit No. 139 for identification, and ask you if that document is part of the files of your office.

A. Yes, it is.

Q. Over which you have custody and control?

A. Yes.

Q. Does it pertain to this transaction that you have just told us about?

A. With regard to the retainer fee?

Q. Yes.

A. That and something else, yes.

By Mr. Barnett: All right.

Your Honor, I will offer in evidence at this time Government Exhibit No. 139 and Exhibit No. 140. That is to say, I will offer the two pages of the ledger of Government Exhibit No. 140.

By Mr. Stewart: Why couldn't the testimony stand without the book, and let the gentleman take his book?

He has told us probably all that is pertinent there.

928 By the Court: If that is agreeable with the Government.

By Mr. Barnett: We will not keep the book, your Honor. We will let him take it back with him.

By the Court: All right.

By Mr. Stewart: That is all we have to say.

By Mr. Barnett: Mr. Green has the book.

By Mr. Green: No objection, your Honor, except the standing objection as to the relevancy of this to this case.

By the Court: Your objection to this one isn't the same now?

By Mr. Green: It is, your Honor.

By the Court: I will reserve my ruling. It may be received subject to the general objection.

By Mr. Green: Yes.

(Said documents, so offered and received in evidence, were marked, respectively, Government Exhibits 139 and 140.)

929 By Mr. Barnett: Could I have Exhibit 139?

By the Court: I understand these payments were made by Bulger? Is that what the witness testified to?

By Mr. Green: The witness, I believe, your Honor, testified that the payment on February 12, 1945 shows "made by J. I. Bulger," and the payment of January 27 shows the "account of United States vs. Nitto."

By the Court: Yes.

By Mr. Green: The evidence in the case showed that the U. S. vs. Nitto case was the extortion case in New York, about which there has been previous testimony, and in which Mr. Bulger took some part in the trial in New York.

The evidence —

By the Court: All right, I will reserve my ruling.

By Mr. Barnett: There is still another exhibit over there that they are looking at.

930 By the Court: There is no objection, they said, to these exhibits except the general objection originally made.

By Mr. Green: Yes.

931 By Mr. Stewart: I am going to move to strike it later unless he connects it up. Of course, he might know that.

By the Court: Yes, of course.

By Mr. Barnett:

Q. Mr. Mack, I hand you photostatic copies of two deposit tickets, and ask you if you recognize the handwriting on the deposit tickets.

A. Yes, I do.

Q. The deposit tickets which I have handed you are both marked Government's Exhibit 141, so I have stapled them together in one exhibit.

Do you recognize the handwriting on those deposit tickets?

A. Yes, I do.

Q. Whose handwriting is it?

A. Leila R. Buckley.

Q. In what bank?

A. That is our bank, the Forkhill National Bank and Trust Company in Poughkeepsie.

Q. Do those deposit tickets refer to the entries in your cash ledger?

A. Yes, they do. They correspond with each date in the book.

932 By Mr. Barnett: Your Honor, I also offer deposit tickets, Government's Exhibit No. 141.

By the Witness: There is additional moneys also deposited on one of those dates. I think $300.00 from some other client.

By the Court: Same ruling.

By Mr. Stewart: Same ruling, your Honor.

By the Court: All right.

(Said document, so offered and received in evidence, was marked Government's Exhibit 141.)

By Mr. Barnett: Your Honor, because of the fact I believe Mr. Green made a mistake in his statement as to what this book recorded, I would like to read these entries again.

On page 104 of Government's Exhibit No. 140 appears the entry "January 27, 1944, Joseph I. Bulger, on account" —and the word account is abbreviated—"on account
933 U. S. vs. Nitto, net cash $10,000.00. Clients, $10,000.00."

Those were the two entries. That is to say, there are two columns in there each recording $10,000.00.

On page 108 of Government's Exhibit 140 —

By the Witness: The 12th.

By Mr. Barnett: On the 12th of February, 1944, appears the entry, "Joseph I. Bulger, balance —" and the word balance is abbreviated — "balance of retainer fee — U. S. vs. Nitto. Net cash $15,000.00. Clients, $15,000.00."

By the Court: That is what I said when I made my statement to counsel. That is what I had in mind that it changes your motion a little, but we will reserve ruling and I will hear you on it.

By Mr. Barnett: Your Honor, if I may, I would like to read Government's Exhibit No. 139, which is a carbon copy of a letter.

By Mr. Barnett:

Q. Is Exhibit 139 a carbon copy of a letter written by your office, Mr. Mack?

A. Yes, it is.

934 dated January 27, 1944, addressed to Joseph I. Bulger, Esq., 139 North Clark Street, Chicago, Illinois.

In longhand is written the words, "U. S. v. Campagna," C-a-m-p-a-g-n-a.

"Dear Mr. Bulger:

"I hereby acknowledge receipt of four checks of the Manufacturer's Trust Company, amounting to $5,000, payable to your order and endorsed to me, and also $5,000 in cash, as a payment on my retainer of $25,000 for work on appeal to the United States Circuit Court of Appeals (Second Department). My retainer to be $25,000 and the balance of $15,000 is to be paid on or before February 10th.

"The balance of my fee, $25,000, is to be paid upon the final completion of the brief for argument on appeal.

935 "The $50,000 herein arranged for is to cover all my work, including the argument on appeal and a motion for bail on appeal, if that is finally determined to be advisable. The work on the preparation of the appeal and the papers on the motion for bail and also the rough work on the brief are to be supplied by you.

"It is understood and agreed that if the conviction should be affirmed or if it should be reversed and the case is taken and reviewed by the United States Supreme Court I shall be glad to continue the argument of the same and preparation of the same, and the agreement for compensation thereof shall be taken up and fixed when the occasion itself arises.

"Very truly yours,"

By Mr. Barnett:

Q. Mr. Mack, did your firm receive any funds
936 in addition to the $25,000 that you have testified to here?

A. They did not.

Q. And do you know who the defendants in this action were?

A. Who the defendants were?

Q. Yes.

A. Well, the only thing I know is what is in the file because I wasn't familiar with this at all. Louis Campagna, Paul DeLucia, Phil. D'Andrea, Francis Maritote, Charles Gioe, and John Rosselli.

Q. You are reading from a copy of the brief in the file?

A. I am reading from the motion for bail.

By Mr. Barnett: May I have a second, your Honor?

There are no further questions of Mr. Mack.

By Mr. Stewart: No cross examination.

By Mr. Green: The same motion.

By the Court: The same ruling.

By the Witness: May I have all my papers?

By Mr. Stewart: Take them all with you.

937 By the Witness: Take them all back? All right.

(Witness excused.)

By Mr. Barnett: Your Honor, we will substitute a photostatic copy for the letter and return the letter.

We have a photostatic copy.

DANIEL V. DUFF, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

Q. Will you tell us your full name, please?

A. Daniel V. Duff.

Q. Where do you live, Mr. Duff?

A. Garden City, Long Island, New York.

Q. What is your occupation?

A. Life Insurance, the Equitable Life Insurance Company, assistant manager.

938 Q. And in your capacity as assistant manager of the Equitable Life Insurance Company, have you produced certain records for us today?

A. Yes, sir.

Q. Do you have custody and control of those records?

A. Yes, sir.

Q. And are they records that are kept in the ordinary course of your business?

A. Yes, sir.

Q. I hand you Government's Exhibit No. 132, which are photostatic copies of certain documents, and ask you if they are photostatic copies of documents in your file.

A. They are.

Q. Will you tell us what those documents are?

A. This is an application for a retirement annuity on the life of Marie A. DeLucia, made by Paul DeLucia on April 17, 1936, for a single consideration of $20,000.00 to be issued in twenty contracts of one unit each, that is, a thousand dollars a policy.

Q. Can you tell from your records whether that premium payment was made?

939 A. Yes, it was made.

Q. And is that policy still in force?

A. Yes, sir.

Q. I hand you Government's Exhibit No. 133 and ask you if you can identify that.

A. This is an application for a similar type of retirement annuity contract on the life of Anthony P. DeLucia, an application made by Paul DeLucia on April 17, 1936. The consideration is the same, $20,000.00, but this was issued in three individual contracts rather than twenty, as in the previous case.

Q. Do your records reflect whether that premium payment was made?

A. Yes, it was made.

Q. Is the policy still in force?

A. Yes, sir.

Q. Now, I hand you Government's Exhibit No. 134 and ask you if you can identify those papers.

A. This is an application made by Paul DeLucia for an annual premium annuity on his own life. It differs from the other two in that premiums are payable annually rather than a single sum, $2,000.00 a year, twenty units of retirement annuity.

940 Q. I hand you Government's Exhibit No. 134-A and ask you if you can identify that document.

A. That is a photostat of what we call a history card record policy of the retirement annuity contract.

Q. Does that refer to the policy on the life of Paul DeLucia?

A. Yes, it does.

Q. Can you tell us when that policy was put in force?

A. Well, the contract commenced in 1938 and five annual premiums were paid of $2,000.00 each. No payment was made after the 1942 payment.

In 1943, the policy went through what we call a paid up status and was continued thereafter without further premium payments, to May of 1954, when it was surrendered and we paid its cash value to the annuant, in the sum of $12,179.95.

941 Q. What is the annual premium date of the policy?

A. I beg your pardon?

Q. What is the annual premium date of the policy?

A. The annual premium date?

Q. The date of the premium.

A. December 28, 1938 and each year thereafter.

Q. You made reference to an automatic—I don't know what you called it.

A. The paid up option.

Q. The paid up option?

A. Yes.

Q. What is the clause in the policy that calls for that?

A. Well, the policy provides that if premiums are discontinued and no other action is taken, then the equity established in the annuity will be used to provide a reduced annuity at the same retirement age and that annuity will continue at 3 per cent per annum, compound interest.

Q. And your records disclose that no premium payment was made for the premium due on December 28, 1943, is that correct?

A. That is right.

942 Q. Now, with reference to the policy on Marie DeLucia, what is the date on which the premium was paid?

A. The first premium is due in April of 1936.

Q. That is a single premium policy?

A. That is right. The single premium is due in April 1936.

Q. And it was paid on that date or paid in that month?

A. Yes.

Q. What about the policy on the life of Anthony DeLucia?

A. That is the same, April of 1936, a single premium, for $20,000, for the three policies.

Q. That was also paid in that month?

A. Yes.

By Mr. Barnett: Your Honor, we will offer Government Exhibits Nos. 132, 133, 134 and 134-A.

I take it there is no objection?

By Mr. Green: The same general objection.

By the Court: The same ruling.

943 (Said documents, so offered and received in evidence, were marked, respectively, Government Exhibits Nos. 132, 133, 134 and 134-A.)

By Mr. Barnett: Your Honor, I would like to read from only one of these documents and that is Government Exhibit 133—pardon me. I mean Exhibit 134.

"Application is hereby made for retirement annuity of twenty units on the life of Paul DeLucia, whose occupation is World Playhouse, who resides at 5300 West Jackson Boulevard, Chicago, Illinois, whose place of business is 410 South Michigan Avenue, Chicago, Illinois."

The document is dated, "Chicago, Illinois, December 17, 1938" and is signed, "Paul DeLucia."

No further questions of this witness, your Honor.

By Mr. Stewart: No cross examination.

944 • • •

945 • • • HUGH M. G. GARDEN, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

• • •

946-960 • • •

961 • • • A. Well, about the first thing he said to me after "How do you do?" was that receivership was a good thing, it cleaned it all up, and that is all we ever talked about the World's Fair.

Q. Then what happened?

A. Then we went on with the house job.

Q. Tell us about that.

962 A. Well, he had bought a house there, on a lovely piece of land with trees and rolling landscape, and

he wanted to add a round dining room, circular, 30 feet in diameter.

These figures are Mr. DeLucia's. He had an architectural sense. He knew what he was doing.

So I designed it that way. What you see out there is my design. It goes way beyond what Paul had in mind, but he was correct in his instructions to me. They were lucid and clear, and when I thought he was perhaps a little too large, I made it 30 feet on the outside and I told him that, and he said, "Oh, no, no, 30 feet inside."

That is really unusual.

963 Q. What was the interior construction of the dining room?

A. Why, it was a frame building, the same as the house was.

Q. I say the interior.

A. What?

Q. The interior.

A. The interior was plaster.

Q. Of the dining room?

A. Plaster and wood. It was a decorative, handsome room where he could feed about fifty friends at once.

Q. You made plans for this, is that correct?

A. Oh, yes. You have them.

Q. Is Government's Exhibit No. 110 the plans which you drew for that addition to the house?

A. Yes, that is it, and there is the date on it and everything for you.

Q. What is the date, Mr. Garden?

A. September 23, 1937.

Q. And the name on the plans is?

A. Addition to residence of Mr. Paul Salvi.

Q. Now did you proceed after the initial drawing

964 of those plans with the construction of the dining room?

A. Oh, yes, the whole thing, the pool, swimming pool.

Q. First of all, you proceeded with the construction of the dining room?

A. The dining room and the additions to the house as one thing, the basement—

Q. Do you recall approximately the total cost of the dining room?

A. No, not separately. It was a unit.

Q. Does the figure of $30,000.00 refresh your recollection?

A. Yes, it was about $30,000.00.

Q. That was for the dining room and the additions to the house?

A. Yes. You see, there was a basement with a kitchen down there and refrigeration and everything, staircase up into the serving pantry on the main floor.

Q. During the course of the construction on the dining room, did you have any further discussions with Mr. DeLucia, then known to you as Mr. Salvi, concerning any other addition to the property?

A. Why, yes, the pool, the swimming pool.

965 Q. What was your discussion with him about that?

A. Well, there was a hollow in the ground which was an obvious place for a swimming pool, lovely piece of ground, and we talked together, just as you would if you were talking about a building, even if you weren't personally interested in it.

I advanced ideas and he advanced ideas, and we incorporated them into a beautiful swimming pool. Then we made an extension of the swimming pool of shallower depth where the children could wade and play, and that was a part of the same design.

We also put a little pavilion there for the ladies to sit in case the children needed attention, needed to be pulled out of the water or something.

Then we had to provide the water supply and drainage, and we built the whole thing, and we did it in native stone which we got from Wisconsin. It was concrete in the parts that held the water, but everything that was up above the water was architectural and under landscape ideas.

966 It was native stone laid in flat form, and it was not uncomfortable to run on with bare feet.

Then as we got the structure of the pool about done, Mr. DeLucia said that he wanted to have the water filtered. That was a blow because you have to drain it from the lowest point and when you smash a hole in the concrete floor with water pressure on it, you may or you may not get a water-tight job, which we did.

Then we put the tanks and pumps close to the pool but underground, and buried them and planted shrubs and things where you don't see them. The whole thing is naturalistic and artistically a very good job, as well as structurally.

967 Q. Do you recall approximately the additional cost of constructing a pool and the filtration system?

A. I don't recall the figures, but it was a substantial amount. I would guess $18,000 or $20,000.

Q. I hand you Government Exhibit No. 117, and ask you if this is a true and correct photograph of the cupola, the dining room and swimming pool that you built?

A. Yes. Here is the pool. There is the place where the ladies sit. There is the top of the dining room and the house is over beyond a lot of landscaping.

Q. Mr. Garden, while you were working on the construction of the dining room and the construction of the swimming pool, were you making payments to contractors?

A. No—oh, yes. Yes, we were writing certificates when they were necessary, where they applied, rather, and we

found the man to build or to do this stonework which
968 was an artistic job. We imported the stone from Wisconsin, lannon stone, and in order to get that we went up to Lannon and saw the stone in the ground and said, "That is what we want," and had it shipped down, trucked to the site, and then built by the man who found and who was paid for his services.

Q. How did you handle the payments to the suppliers and the contractors for the work?

A. I imagine it was done in the same way, the certificate saying that they were entitled to this sum of money, and then he handed them to money or else he handled it through our office.

We had no interest in the money, only our fees.

Q. Do you remember the percentage of your fee in this job?

A. It wasn't less than 10 per cent. It was worth that, and some more.

Q. Did you have any dealings with Mrs. DeLucia during this transaction?

A. I met her constantly.

Q. But your dealings were with Mr. DeLucia?

A. Oh, yes, thoroughly harmonious, always. Mrs.
969 DeLucia as well as Paul.

Q. Now while this work was under progress, did you receive a commission, that is to say, did you receive authorization to do some additional work for Mr. DeLucia?

A. We finished that job up, but he kept talking to me about him wanting a house in the city. Later he did the same thing about a farm. He wanted a farm.

On all of those I helped him.

Q. With reference to the house in the city, what occurred?

A. Well, he said he wanted to get a place, and he kept looking around for something he could buy. He liked that way of doing it.

He would call me and ask if I could come out and send a car for me and look at a house.

The first one that I recall was in Austin, or Oak Park—I think it was Austin. I looked at it, and I said, "Paul, that is no good." It was a great big house, surrounded by little ones, and it was very badly built and in bad condition. . . . . .

I said, "You would never get your money out if
970 you sold it again."

So that was the end of that one.

971 There were one or two others, but at least, we landed—he asked me where he should be. And, I said, "Go where the rest of the Oak Park people did; go to River Forest."

So, he began to look at River Forest and presently he called me and said he found a place he wanted me to see.

So, I went out and looked the place over.

You don't just look at the house; you look at the site, everything.

"Well," I said, "this is a good house. This is well built, and you can add what you want to it and build the garage and make a fine place of it, but, it has one fault."

He said, "What is that?"

I said, "It is too near the lot line." The side lot line was only about ten feet away. I said, "You need more land."

So, he said, "Oh, well, those people won't listen to reason."

"Well," I said, "it doesn't help you at all. If they build as close to the lot line as you are, the two houses will
972 be twenty feet apart and this isn't that kind of a house."

So, the next time I saw him, he said, "I got more land."

Q. And this was the property located where?

A. What is that again?

Q. Lathrop Avenue in River Forest?

A. Lathrop Avenue, 812, isn't it, something like that?

Q. Yes.

A. Lathrop Avenue.

Q. As a result of that, did you draw up some plans?

A. Yes.

Q. For the house?

A. Drew them up and built it, or, supervised it from the start to finish.

Q. I didn't hear what you said, Mr. Garden.

A. I supervised it. I personally did a great deal of the supervision.

Q. And who were the contractors on the job?

A. I think it was Brundage, wasn't it?

Q. Avery Brundage?

A. I think so.

Q. And is Government's Exhibit 109 the original 973 tracings prepared in your office for the remodeling of that job?

A. Yes. You don't handle your plans carefully. It is pretty near illegible. This is "Paul DeLucia." Alterations—that is the plan. That is the plan.

Here was the original house (indicating). This is my addition (indicating), plus the garage.

Q. Now, those plans have the name "Paul DeLucia" on them?

A. Yes.

Q. By this time—

A. He told me what his name was. He says, "My real name is DeLucia."

Q. That is what he told you by the time you drew these plans?

A. Yes.

974 Q. After the completion of the work on the River Forest house, Mr. Garden, did you have any further contacts with Mr. DeLucia?

A. Yes. These jobs had an interval of time between them, you see. It wasn't a continuous thing.

He wanted a farm; one day he called me and asked if I could go out with him to look at a farm which he had bought. That was a farm, in Kendall County is it?

Q. Kendall County, Illinois?

A. I think so. It is a long way from where I live.

He had bought it with the intention of having a real farm. It was a beautiful bit of land, about a mile square.

And, the first thing, there was a little old farmhouse there and we had to put a little plumbing in that and piece it together so that we could sleep overnight, and he had already started some barns, a machine barn.

And then, there was to be a residence. We took a hand in it all, the mechanical stuff, as well as the exteriors of the building.

975 But, I quit on it, because I told him, "It is too far from where I live." I said, "It takes me all day just to go out and come back."

And, our office is a big one and we have big work and we can't take this sort of work.

Q. Well, when was this that you quit, Mr. Garden?

A. Well, I haven't got any plans of it here. Have we any plans here?

Q. I say, when did you quit? What year was it?

A. If I was in the office, then maybe I could tell you.

Q. Was it before or after World War II?

A. Oh, I think it was, yes.

Q. Which, before or after?

A. Oh, I think it was after.

Q. Did you do some work on the farm?

A. Oh, yes.

Q. Well, what was the nature of the work that you did do on the farm?

A. Well, we had to decide where the cattle would be fed, and arrange the hay barns, and the grain, so that it could be hauled in by machinery and brought over
976 and dumped down into there—what do they call it—mangers?

Q. Well, did you do that?

A. Well, there was water that was provided for. There was a little stream that flowed through there. We improved it all.

We built more barns for the machines. He had them pretty well along.

Before we got to the house, I made a sketch for the house. It is difficult to explain to you, but a house takes place slowly as the owner expresses something that he wants.

And, you think of something, and ask, "Do you think it ought to have it?" And, so it went.

Well, we only got a little way on that, I having almost no instruction from him.

I decided on a location for the house across from the road from where the other stuff was. It was a beautiful place and I made a sketch for it which you, I think, have.

The first time I took it to him, he said, "Oh, I can't have a house as big as that." So, that was the end of that.
977 It was about that time that I told him that I was going to quit because it was too difficult for me to come out there and I was getting too old.

978 Q. Is this sketch which has been marked Government's Exhibit 112 the sketch of the house that you just referred to?

A. I can tell you right now it is, and a good looking house it is, too. Yes, that is the one.

Q. Does that refresh your recollection as to the date that you discontinued your association?

A. Oh, yes. It was just about that time.

Q. And that time was when?

A. That is it.

Q. September of 1947?

A. I haven't looked for that. Is there a date on there?

Q. Yes.

A. You have seen more of it than I have. It isn't on here. It is on these (indicating).

Q. Do you see it now? No, not there; right here (indicating).

A. I can't read it.

Q. "9/2/47"?

A. Oh, yes, that is right, 9/2/47.

979-982 • • •

983 H. GAYLEN FREY, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

• • •

984 • • •

985 • • • Q. How much was the cost of that furnace and stoker?

986 A. About $1,200—$1,180 net without the interest.

Q. Without the interest?

A. Yes, net without the interest.

987 Q. $1,180, net, without interest?

A. That is right, yes, sir.

Q. That is before financing, is that right?

A. That is right, yes, sir.

Q. Do you know what it is with interest?

A. I can tell you—$1,356.76.

Q. That is the total cost?

A. That is right, yes, sir.

Q. Now that took place in 1935, did it?

A. I believe 1935, yes, sir.

Q. Does that record help you refresh your recollection any?

A. Yes. This is dated September 11, 1935. The application was made prior to that, probably about the 1st of September.

Q. Now thereafter did you furnish any fuel supplies to Mr. DeLucia at his house in Long Beach?

A. Yes. We furnished coal for this same stoker in the same house for a number of years after that.

Q. Did you keep a record of the charges that you made or the payments made to you by Mr. DeLucia?

A. Yes, we did.

988 Q. Is Government Exhibit No. 122 your record of those payments?

A. I believe this ledger card is for oil delivered to the new house, which was built later, the following year.

But we also did sell him coal for the original house.

Q. Do you have a record of the coal sales which you made?

A. No, we don't have. It is not available, no.

Q. You no longer have such a record available?

A. That is right.

Q. Now in addition to the installation of the furnace, did you perform any other work for Mr. DeLucia?

A. Well, not in the way of labor, but we did sell him other materials.

Q. When was the next time that you had occasion to sell him materials?

A. The following year during the summer of 1956.

Q. What was the nature of the materials that you sold to him?

A. That was building material, cement blocks,
989 roofing, nails, hardware, windows, doors, and so forth.

Q. For what purpose?

A. For building a guest house on the same property in Long Beach.

Q. Who was the contractor that built the guest house?

A. I believe Leonard Johnson had that job.

Q. And you furnished supplies for the job?

A. Yes, that is right.

Q. Do you recall the amount of money that you received for the supplies that you furnished for that house?

A. That was approximately $7,000.

Q. Over how long a period of time was the delivery of the materials spread?

A. Oh, possibly four to five months.

Q. How did you receive payment for the material?

A. In cash.

Q. From whom?

A. From Mr. DeLucia.

Q. Did you receive it all at once?

A. No, it was paid as the job progressed.

990 Q. And paid in currency?

A. That is right, yes, sir.

991 Q. Do you recall anything concerning the donomination of the bills?

A. Well, they were usually fairly large size, especially to me during the depression, at least.

Q. The total amount of that job to your best recollection is about $7,000.00?

A. Yes, sir, that is right.

Q. Do you have any records concerning the sale of that material to Mr. DeLucia?

A. No, we don't at the present time.

Q. Did you have any further dealings with Mr. De Lucia?

A. Yes, I think the following year, in 1937, we furnished a good share of the material for a game room which was built attached to the original residence.

Q. Do you know who the architect on that job was?

A. No, I can't say. Someone, a firm in Chicago, but I don't know the firm name.

Q. Can you describe this room to us?

A. It was a circular room, circular walls and circular roof, and a very outstanding room.

992 Q. Can you recall the dimensions of the room?

A. Well, I would say probably about 50 feet in diameter, 40 to 50 feet in diameter.

Q. I show you Government's Exhibit No. 117, which is a photograph of the Long Beach property, and ask if you can identify the room which you are referring to on that photograph?

A. Yes, right here.

Q. Is that a portion of the house that has a circular cupola on top?

A. That is right, yes, sir, attached to it by sort of a hallway.

Q. And that is what you referred to as the game room?

A. Yes, sir.

Q. What material did you fur sh for the game room?

A. Well, lumber and cement. I don't believe we furnished the windows, but I think we furnished the roofing and a good share of the material that went into this room.

Q. Do you recall approximately how much the value was of the material furnished?

A. Yes. That ran approximately $6,000.00.

993 Q. Who paid you for that material?

A. Mr. DeLucia.

Q. How did he pay you for it?

A. That was also paid in cash.

Q. Was it paid over a period of time as you requested payment?

A. That is right, yes.

Q. And this took place during the year 1937, did it?

A. That is right, yes, sir.

Q. And the guest house took place during the year 1936?

A. That is right.

Q. Now subsequent to the year 1937, did you have any dealings with Mr. DeLucia?

A. Yes. I believe it was the following year that we furnished most of the materials to build a master bedroom on the second story on the lake side of the original residence again.

Q. On the lake side of the original residence?

A. That is right, yes, sir.

Q. That would be Lake Michigan?

A. That is right, yes, sir.

Q. Is that portion identifiable in this photo-
994 graph?

A. Well, it would be on the far side of the house, a little hard to see from here. It would be on this far side from here.

Q. It is not visible in this photograph?

A. That is right.

995 Q. That addition to the house, did you put in a dormer?

A. We raised the roof, put in a dormer, and made the walls higher. After that we put a new roof on the whole house, or possibly along with that job, following that job, we put a new roof on the whole house.

Q. How much did you charge for the work done in connection with the bedroom?

A. About $1,500.

Q. And the roof?

A. The roof, that was about $600.

Q. This you say took place during the year 1938?

A. That is right, yes.

Q. Did you receive payment for this work in that year as the work progressed?

A. I would say, yes.

Q. And from Mr. DeLucia?

A. Yes, that is right.

Q. Likewise in currency?

A. Yes, that is right.

Q. Now you say you also furnished coal to Mr. DeLucia.

996 Did you furnish any other incidental material that you haven't described for us?

A. Yes. Aside from the coal for the house, the residence, and oil for the guest house, of course, there was quite a lot of various materials like paint, hardware and the repair parts we furnished him over a period of years.

Q. Over what?

A. Over a period of years.

Q. Do you know approximately the total amount of business that your firm did with Mr. DeLucia?

A. Well, it would be about $20,000, approximately.

Q. Over all?

A. Yes, that is right.

Q. Did you know Mr. DeLucia as Mr. Paul Salvi when you started doing business with him?

A. Originally, yes, sir.

Q. Did you subsequently have a conversation with him or how did you know him as Mr. Paul DeLucia?

A. Well, we received word at the office, I believe, that we were to change our records to read "Paul DeLucia" rather than "Paul Salvi" as of a certain date.

997 Q. When was that—between 1935 and 1938?

A. Well, yes, I would say so, somewhere in that neighborhood.

Q. Do you see Mr. DeLucia in the court room?

A. Yes, sir.

Q. Do you recognize him?

. . . . . .

A. I do.

By Mr. Barnett: Your Honor, I offer in evidence Government Exhibits Nos. 118, 120 and 122.

By the Court: Same ruling.

(Said documents, so offered and received in evidence, were marked, respectively, Government Exhibits Nos. 118, 120 and 122.)

By Mr. Barnett: I have no further questions of Mr. Frey, but I would like to read one of these documents while he is on the stand.

By Mr. Stewart: No cross.

. . .

998-999 . . .

1000 LEONARD JOHNSON, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

Q. Will you tell us your full name, please?

A. Leonard Johnson.

Q. Where do you live, Mr. Johnson?

A. Beverly Shores.

Q. What state is that in?

A. Beverly Shores, it is on this side of Michigan City.

Q. Is it in Indiana? Beverly Shores, Indiana?

A. Yes.

Q. That is near Michigan City?

A. Yes.

Q. What is your occupation?
A. Concrete and brick work.
Q. Are you self-employed?
A. Yes.
Q. You are a concrete and brick work contractor?
A. Yes.
Q. How long have you been so employed?
1001 A. Since about 1930.
Q. Since about 1930?
A. Yes.
Q. During the year 1934 and/or 1935, did you do any work at Long Beach, Indiana, for Mr. Paul DeLucia?
A. Yes.
Q. What was that work?
A. Mostly concrete. One fireplace later.
Q. One what?
A. It was mostly concrete work. There was also one fireplace of brick work.
Q. During 1935?
A. No, this was in 1936, the brick work.
Q. In 1936 what was the work that you did?
A. Well, it was, we did some in three or four different years there, 1934, 1935 and 1936.
Q. Do you have a recollection as to work done on a swimming pool?
A. I made an affidavit, if I may use it, so I could keep that straight. Could I read it?
Q. You mean you want to refresh your recollection?
A. Would you want me to give the dates and the
1002 amount?
Q. Yes, the dates and the amount of the work you did.
A. 1934 to 1935, I repaired and made house wall and patio, and then in 1935 I put a cement slab in front of the caretaker's house.

Q. How much did you receive for all of that work?

A. $970.00 for the two jobs.

Q. When was that paid?

A. Sir?

Q. When was it paid to you? Was it paid to you in 1935?

A. 1934 and 1935.

Q. Who paid it to you?

A. Mr. Salvi or DeLucia.

Q. Do you know him by sight? Do you know Mr. Salvi or Mr. DeLucia by sight?

A. Yes, I do.

Q. Do you see him in the court room?

A. Yes, sir.

Q. Did he pay it to you in cash or by check?

A. By cash.

Q. Now will you tell us what work you did in 1003 1936?

A. I did the caretaker's house. That was a concrete slab, the carpenter work and chimney. That was about $3400.00.

Then I put a retaining wall along the hill and side walks. That was a little over $600.00.

Then I built a swimming pool for around $550.00, which made 1936 about $4,585.00.

Q. Where did you build the swimming pool?

A. At a man's house by the name of Pacelli.

Q. And you received payment for that from Mr. DeLucia?

A. Yes.

Q. Is Mr. Pacelli's house near Mr. DeLucia's house?

A. No. One was on 30 and this was on about 21, or 22.

Q. Was it in Long Beach, Indiana?

A. Yes.

Q. So in 1936 what is the total sum of money that you received from Mr. DeLucia?

A. $4,585.00.

Q. Was that paid to you in cash or by check?

1004 A. By cash.

Q. And by Mr. DeLucia? It was paid by Mr. DeLucia, right?

A. Yes.

Q. Did you do some work for him in 1937?

A. Yes. I built the circle in that—I don't know what you call that house. Some say game room and—it was a circular foundation.

Q. I hand you Government's Exhibit No. 117, a photograph, and ask you if the room that you are referring to appears on it?

A. Up here.

Q. That is the room with the circular cupola over the top?

A. Yes.

Q. Did you do something in connection with that room?

A. Yes.

Q. What was it?

A. There was about $900.00 in that for the foundation, and they had a room leading to it. Then there was other labor and material around $400.00 later.

Q. All in 1937?

1005 A. Yes. That made about $1300.00.

Q. Who paid you for that work?

A. Mr. DeLucia.

Q. Was it by check or by currency?

A. By cash.

Q. That swimming pool that you referred to in Mr. Pacelli's house, was that a swimming pool or a flower pool?

A. It was more of a flower—it was a series of falls and the pool, and some man got some special stone from Wisconsin that we laid around it and made falls of it.

Q. It wasn't truly a swimming pool? It was decorative?

A. No, it wasn't a swimming pool.

By Mr. Barnett: No further questions of Mr. Johnson.

By Mr. Stewart: No cross.

By Mr. Green: Same motion, your Honor?

By the Court: Same ruling.

(Witness excused.)

1006-1030 * * *

1031 * * * (Said documents, so offered and received in evidence, were marked, respectively, Government Exhibits Nos. 124, 125, 126, 127 and 128.)

By Mr. Barnett: I have no further questions of Mr. Kishner your Honor.

By Mr. Green: No questions.

By Mr. Barnett. You may step down.

(Witness excused.)

By Mr. Barnett: Your Honor, at the close of yesterday's session, I advised the Court that I had some files of the District Court Clerk's office here which I wish to offer.

Mr. Stewart said he would have no objection to my failure to bring the Clerk, and I would like to offer
1032 those files at this time.

These documents which I am offering are part of the Italian Village bankruptcy file, which is File No. 57216 of the United States District Court Clerk's office of the Northern District of Illinois.

The exhibits which I am offering have been numbered Government Exhibit 130, consisting of Schedules A and B in bankruptcy in the Italian Village;

Exhibit No. 131-B, consisting of the trustee's supplemental final report and account.

Exhibit No. 131-A, consisting of the trustee's final report and account.

I am not offering the balance of the file, your Honor, but just these three documents from the file.

By the Court: They may be received under the same conditions that the other documents were received.

1033 (Said documents, so offered and received in evidence, were marked, respectively, Government Exhibits Nos. 130, 131-A and 131-B.)

By Mr. Barnett: There are a few matters I would like to read to the jury from these exhibits.

Government Exhibit No. 124, the longhand digest of the corporate records of the Italian Village by Mr. Kishner, reads as follows:

"Italian Village, Central Subscription Agent;

"Aurelio Pagano, 600 Blue Island Avenue, one share, $100.

"Joseph Imburgio, 1103 Broadway, Melrose Park, Illinois. 15 shares, $1,500.

"Elliodor M. Libonati, 100 North LaSalle Street, 14 shares, $1,400.

"William V. Pacelli, 767 West Taylor, 10 shares, $1,000.

1034 Daniel Serritella, 2127 South Prairie, 10 shares, $1,000.00.

Total, $5,000.00.

Incorporated February 13, 1934.

Incorporators are Aurelio Pagano, Joseph Imburgio, Elliodor M. Libonati. Registered Agent, Thomas F. White, Jr., 111 West Washington Street.

Page 2, authorized capitalization, 200 shares common, $100.00 par value, $20,000.00.

Issued stock, 50 shares common, $5,000.00.

Value of property to be owned, $20,000.00.

Stockholders, William V. Pacelli, Joseph Imburgio, E. M. Libonati.

Officers, Joseph Imburgio, president, Dan Serritella, vice president, E. M. Libonati, secretary, William V. Pacelli, Treasurer.

Stock subscribed, paid in cash, $5,000.00.

1035 From Government's Exhibit No. 130, Schedule A and B in bankruptcy, the last page shows the summary of debts and assets.

The total of Schedule A, which is the debts, is $169-265.30, and the total of Schedule B, the assets, is $40,-420.61.

This document, Exhibit 130, the Schedule A and B, was filed in the United States District Court on November 2, 1934.

Government's Exhibit No. 131-A, the trustee's final report filed on September 3, 1935, I just want to read the summary figures, your Honor, if I can find them.

I want to correct a statement that I made in reading from Government's Exhibit No. 124. As to corporate records, I read "Joseph Imburgio, 158 shares, $1500.00." It should be "Joseph Imburgio, 15 shares, $1500.00."

Government's Exhibit No. 131-A, the trustee's
1036 final report in bankruptcy shows a recapitulation as follows:

Total receipts, $35,826.82. Total disbursements, $19,-102.71.

Balance on hand, $16,724.11.

1037 Exhibit No. 131-B, the trustee's supplemental final report, filed April 7, 1936, shows a recapitulation as follows:

Total receipts, $35,826.82.

Total disbursements, $35,826.82.

Balance on hand: None, as of the date of the report which is subscribed and sworn to on the 27th day of April, A.D. 1936, by Edwin D. Buell, trustee.

Mr. Anorino, please.

JAMES ANORINO, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

Q. Will you tell us your full name, please?

A. Ma'am?

Q. Tell us your full name, please.

A. My full name is James Anorino.

By the Court: Speak louder so they can all hear you back there.

1038 By the Witness: Do you want me to repeat that?

By Mr. Barnett:

Q. Yes. Speak louder, please.

A. James Anorino, A-n-o-r-i-n-o.

Q. Is the spelling of your name A-n-o-r-i-n-o?

A. That is right.

Q. Where do you live, Mr. Anorino?

A. I live at 1314 South 17th Avenue, Maywood, Illinois.

Q. In Maywood, Illinois?

A. That's right.

Q. What is your occupation?

A. Ma'am? Occupation?

Q. What is your occupation?

A. Laborer.

Q. Pardon me?

A. Laborer.

Q. Do you know Paul DeLucia?
A. Yes, sir, I do.
Q. Have you ever been employed by him?
A. That is right.
Q. What work did you do for Paul DeLucia?
1039 A. Helping around the house, landscaping.
Q. You did landscaping?
A. That is right.
Q. Around what house?
A. At Long Beach, Indiana.
Q. And how long did you work for him?
A. I started working for Mr. DeLucia in 1935, April 1st.
Q. April 1, 1935?
A. That's right.
Q. How long did you continue working for him?
A. I quit in 1955.
Q. What salary did you receive from Mr. DeLucia when you started to work for him in April, 1935?
A. I started working for Mr. DeLucia at $35 a week.
Q. At $35 a week?
A. That is right.
Q. And was this salary ever raised?
A. That is right.
Q. When was it raised?
A. The raise was in about 1938 or 1939.
Q. It was raised when?
1040 A. Up to $40.
Q. Well, when did the raise occur?
A. A few years after that I got $50 a week.
1041 Q. Now, the raise to $40.00, did that occur in 1938?
A. Something like that. I can't really picture the exact date of it.

Q. And the raise to $50.00, when did that occur?

A. That is right.

Q. When did that occur?

A. Ma'am?

Q. When did you get a raise to $50.00 a week?

A. I can't recall the right date. It must have been around 1940, 1941, something like that.

Q. Now, did you work steadily while you were working for Mr. DeLucia? Did you work steadily all the time?

A. That's right.

Q. Did you get paid every week?

A. That's right. I got paid by the month—that is, every week, that's right.

Q. You got paid what?

A. I got paid every week, that's right.

Q. You got paid every week?

A. I got paid every week, that's right.

Q. Who paid you every week?

A. Well, Mr. DeLucia paid, himself.

1042 Q. Were there any other employees at the Long Beach house besides yourself, Mr. Anorino?

A. Just myself.

Q. You were the only one?

A. That's right.

Q. No other household help?

A. No other help around.

Q. All right.

By Mr. Barnett: No further questions, your Honor.

By Mr. Stewart: No cross.

By Mr. Green: Nothing, your Honor, just a motion to strike on behalf of the defendant Bulger.

By the Court: The same ruling.

By the Witness: Thank you.

(Witness excused.)

1043 MORTON C. CHESLER, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

Q. Would you tell us your full name, please?

A. Morton C. Chesler.

Q. Where do you live, Mr. Chesler?

A. 1492 Sheridan Road, Highland Park.

Q. Highland Park, Illinois?

A. Right.

Q. What is your profession?

A. Attorney at law.

Q. What is the name of the firm with which you are associated?

A. Perlman, Hecht & Chesler.

Q. Where is that firm located?

A. 10 South LaSalle Street, Chicago.

Q. Did that firm previously have another name?

A. Yes, it did.

Q. What was the old name of the firm?

A. Perlman, Goodman, Hecht & Chesler.

1044 Q. When was the name changed, approximately?

A. Approximately 1956 or 1957, I don't remember exactly.

Q. The name of the firm during 1947 was Perlman, Goodman, Hecht & Chesler, was it?

A. Correct.

Q. Do you have the records of the firm of Perlman, Goodman, Hecht & Chesler with you?

A. I do, sir.

Q. What records of the firm do you have?

A. I have an original ledger sheet of Perlman, Goodman, Hecht & Chesler, the old firm, under the name of Paul DeLucia, and a duplicate deposit slip of the same

firm which I produced pursuant to the subpoena served upon us.

Q. I hand you Government Exhibit No. 137, which is a photostat, and ask you if that is a true and correct photostatic copy of your original ledger sheet that you have there?

A. It is.

Q. I hand you Government Exhibit No. 138, and ask you if that is a true and correct copy of the original deposit ticket which you have there?

1045 A. It is.

By Mr. Barnett: Your Honor, I will offer in evidence the photostatic copies, Government Exhibits Nos. 137 and 138.

By the Court: Same ruling. They may be received subject to the original objection.

(Said documents, so offered and received in evidence, were marked, respectively, Government Exhibits 137 and 138.)

By Mr. Barnett: May I read this, your Honor?

The deposit ticket, Government Exhibit No. 138, shows deposited for the account of Perlman, Goodman, Hecht & Chesler, October 17, 1947, with the American National Bank & Trust Company of Chicago, and written in longhand the words "DeLucia, costs and fees in full, cr. 85."

By Mr. Barnett:

Q. What does the "cr. 85" refer to?

1046 A. I believe it is a bookkeeping symbol, double entry books.

1047 By Mr. Barnett: "Currency, $1,820.00. Total credit, $1,820.00."

Exhibit No. 137 shows the name of client Paul DeLucia, then there is a description of various items such as traveling expense.

By Mr. Barnett:

Q. Are those items which your firm, Mr. Chesler, had expended on behalf of Mr. DeLucia?

A. Yes, in connection with this matter.

Q. There is a listing of expenses which comes to a total of $3,379.00—

A. That is not right.

Q. It is not?

A. Not three thousand.

Q. What is the amount?

A. The amount of the expense was $337.94.

Q. And the amount of fee was how much?

A. $1482.06.

By Mr. Barnett: Thank you. No further questions.

By Mr. Stewart: No cross examination.

* * *

1048 * * * ANTHONY BRADLEY EBEN, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

Q. Will you tell us your full name, please?

A. Anthony Bradley Eben.

Q. Where do you live, Mr. Eben?

A. 6 East Scott Street, Chicago.

Q. What is your profession?

A. I am an attorney at law and proctor in admiralty.

By Mr. Barnett: That is something that not many of us are.

By the Court: That is one of my troubles.

By Mr. Barnett:

Q. How long have you been a practicing attorney, Mr. Eben?

1049 A. Since approximately 1933.

Q. In Chicago, Illinois?

A. In Chicago.

Q. Where do you have your offices?

A. Presently at 11 South LaSalle.

Q. During the year 1943, did you have occasion to represent Mr. Paul DeLucia and others?

A. Yes.

Q. Where were your offices at that time?

A. 208 South LaSalle Street, Chicago.

Q. Will you tell us the circumstances under which you represented Mr. DeLucia and these others?

A. The circumstances?

Q. Yes, how did you come into the picture?

A. I was retained formally by Mr. Gioe and Mr. DeLucia and Mr. Campagna, Maritote, Mr. Pierce, and one other, shortly after indictments were returned against them, two indictments returned against then in the Southern District of New York.

1050 Q. When were the indictments returned, approximately?

A. About the middle of March, 1943.

Q. How long after that were you retained?

A. Within a week or two.

Q. Did you have a meeting with these men prior to your being retained?

A. Prior to the formal retaining?

Q. Yes.

A. Yes.

Q. Was that shortly after the middle of March, 1943?

A. Yes.

Q. Where did it take place?

A. In my office, 208 South LaSalle.

Q. Who was present at the meeting?

A. Mr. Gioe, Mr. Campagna, Mr. D'Andrea, Mr. Pierce, Mr. DeLucia, and one other person I can't recall.

Q. How many men altogether?

A. I think there were six.

Q. Were all six of these defendants in the indictment in the New York case?

1051 A. Yes.

Q. What was the discussion at that time in your office?

A. On the first occasion?

Q. Yes, on the first occasion.

A. The discussion among the seven of us was whether or not I would undertake to represent the various defendants in the New York case.

Q. Did you agree to represent them in that conversation?

A. I did not at that particular time undertake to represent them. I wanted to think the matter over.

Q. Did you have a subsequent meeting with the same men?

A. Yes, I did.

Q. Shortly thereafter?

A. Within a week or two.

Q. What was the discussion on that occasion?

A. I announced at that time that I would undertake to represent the defendants in the New York case along with other counsel.

1052 Q. Along with other counsel?

A. Yes. By that, I mean we were to retain New York counsel, local counsel, and so on.

Q. Did you have any discussion about your fee?

A. Yes, we did.

Q. What was the discussion?

A. The amount?

Q. What was said, and by whom?

A. We subsequently arrived at a fee of $15,000 with a bonus for success, which we never earned.

Q. Were you paid that fee?

A. Yes, I was.

Q. What were the circumstances under which you were paid the fee?

A. I was paid it on two occasions, as I recall. A group of the men came in—when I say "the men," I am referring to the same six whose names I mentioned before—and they paid me in my office. I have forgotten the exact division of the $15,000.

Q. There were two payments constituting a total of $15,000?

A. As I recall, there were two payments, yes.

Q. By check or in currency?

1053 A. In currency.

Q. Was that shortly after you were retained?

A. Yes.

Q. Then all of this took place prior to the summer of 1943, is that correct?

A. That is correct.

Q. What subsequently happened in so far as your representation of these people was concerned?

A. Well, quite a bit.

1054 Q. Will you give us a brief outline of what it was?

A. Well, we went to New York on a number of occasions and we filed the usual dilatory motions there, such as demurrage and the like, bills of particulars. We appeared in New York and argued them. We prepared for trial all during the summer, and subsequently in September of that year, I believe, went to trial in New York.

Q. Did you actively participate throughout the trial?

A. Yes, I did.

Q. During the course of the summer of 1943, was there any other Chicago lawyer involved in this matter?

A. Yes, Mr. Bulger was associated with me in the matter.

Q. Mr. Joseph Bulger, one of the defendants in this case?

A. Yes.

Q. Did he go back and forth to New York with you?

A. On occasion.

Q. During the course of the trial itself, how
1055 many lawyers were involved in that matter?

A. Quite a few.

Q. Who were they?

A. Not necessarily in the order of their importance: James D. C. Murray, and Joe Bulger, Otto Christianson from California, J. C. Mandel from Newark, myself, Bert Wegman, in New York, and one or two other lawyers whose names I can't recall now.

Q. Each of the various lawyers entered an appearance, did they not, in the court to indicate the client that they were representing?

A. Formal appearances were filed by various lawyers no behalf of various defendants, that is right.

Q. On behalf of whom did you file a formal appearance?

A. I filed, although I represented all six, I filed formally in court on behalf of Charles Gioe and Paul DeLucia.

Q. Who did Mr. James D. C. Murray represent? Did he represent all six also?

A. Yes.

Q. The same as you did?

1056 A. Actually Mr. Bulger, Mr. Murray and I represented all six, but for strategic purposes at the trial, we decided that we would enter our appearance, each one, for two defendants.

So I represented Mr. DeLucia and Mr. Gioe. Joe Bulger represented Maritote, I believe, and D'Andrea. Jim Murray represented Campagna and the sixth fellow, whoever that was.

Q. Now during the summer preceding the trial and during the fall and throughout the trial, you had expenses, did you not, Mr. Eben?

A. Yes, I did.

Q. Were you reimbursed for those expenses?

A. Yes, I was.

Q. What was the amount of the reimbursement for the expenses you received?

A. Are you referring to my living expenses in New York?

Q. Yes.

A. Or to expenses of the trial itself?

Q. No, I am referring to your personal expenses.

A. I can't tell you how much that was. It was my hotel bill, whatever it was.

Q. Did you pay it yourself or did somebody pay
1057 it for you?

A. On occasion I paid it and was reimbursed, by whom I can't tell you, and on other occasions it would be paid for me.

Q. Well, did you at any time receive a lump sum in reimbursement?

A. You mean for the entire amount?

Q. For any part of the amount of your expenses while in New York?

A. No. The way the expenses were handled varied from week to week or month by month. The trial took, I think, approximately four months, from September, I believe, until the latter part of December, and my hotel bill would accrue, of course, weekly. Some weeks I would pay it myself and get reimbursement in that fashion, and other weeks I would mention the fact that I owed a hotel bill, and it would be paid for me.

Q. To whom would you mention it?

A. Oh, on some occasions to Mr. Bulger and on some occasions to one or more of the defendants.

Q. What hotel were you staying at?

A. Hampshire House.

Q. Do you remember what your weekly bill was?

1058 A. That was fifteen years ago. I can't remember. It was pretty big, a pretty good bill, I can tell you that.

Q. What do you mean by a pretty big bill?

A. I think somewhere around $900.00 a month, something like that.

Q. $900.00 a month?

A. Yes, including food and so on.

1059 Q. Sometime ago, Mr. Eben, did you give an affidavit to an Internal Revenue agent concerning the expenses?

A. Yes, I did.

Q. And your memory was clearer in your mind at the time, was it?

A. Yes, it was closer to the events which I described.

Q. And is Government Exhibit No. 160 that affidavit?

A. Yes, that is my affidavit, with the exception of the penciled figures on there.

Q. Yes.

Does that refresh your recollection with respect to the receipt of expense money by yourself?

A. I did not hear the question.

Q. Does that refresh your recollection with respect to receipt by you of the expense money?

A. No. If you are talking about the item in here which I describe as the receipt of expense money in the amount of $2,450 and $800—

Q. Yes.

1060 A. I thought I distinguished that before when I asked you whether or not you were referring to my personal living expenses.

Q. I am sorry if I misunderstood you, Mr. Eben. What was that expense money?

A. This expense money which was referred to on my affidavit, was expense money with relation to the preparation for the trial itself.

Q. And how much was it that you received, Mr. Eben?

A. The total, $3,250.

Q. Will you describe what that was for?

A. For preparation for trial. It included, if I may say by way of description, a transcript of a prior case in New York. We had to pay for that.

We had to pay for the court reporter and things such as that. It is such type of expense that I am not referring to.

Q. Who paid for that?

A. One of the defendants. I couldn't tell you.

Q. You don't recall who?

A. No.

Q. Now, did you receive another payment?

1061 A. Yes, in New York.

Q. What was the amount of that payment?

A. I received a payment of—this was shortly after we went to trial, I believe, in New York,—of $5,000, of which I turned $1,450 over to Otto Christensen in connection with California expenses, whatever they were, and the balance to Jim Murray in New York for his New York expenses in connection with preparation for trial.

Q. Who did you get that money from?

A. One of the defendants.

Q. Do you know which one?

A. I can't say.

Q. Do you know the approximate total cost of that trial?

A. I couldn't possibly estimate it.

Q. You couldn't?

A. No, and I had nothing to do with that.

All of these expenses which I have referred to, were expenses incurred in preparation prior to trial.

1062 Q. Did you do any work on the appeal, Mr. Eben?

A. No.

Q. The trial concluded just before Chrismas, 1943, did it?

A. Yes, just prior to Christmas.

Q. And did you have anything to do with any of the defendants or any of the other people after the trial was over?

A. As I recall, we made a motion before Judge Bright, who tried the case in New York, immediately after the jury had come in with its verdict. On the motion, by virtue of our motion, Judge Bright permitted the defendants to return to Chicago over Christmas, over the holidays, to spend the holiday here.

They returned to New York, I believe, and surrendered, on New Year's eve.

Q. Were you present at the surrender?

A. Yes, I was there.

Q. Did you have anything further to do with the case?

A. Yes. For a period—well, a short period, I
1063 worked in connection with a motion for a reduction of bail in the Court of Appeals for the Second Circuit.

Then, thereafter, Mr. Stewart came in as my substitute.

Q. Did you receive any further fee?

A. No.

By Mr. Barnett: No further questions.

By Mr. Stewart: No cross examination.

1064-1096 • • •

1097 HARRY A. LODDING, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

Q. Will you tell us your full name, please?
A. Harry A. Lodding, L-o-d-d-i-n-g.
Q. Where do you live, Mr. Lodding?
A. 4015 Brighton Place, Chicago.
Q. What is the name of the street?
A. Brighton Place.
Q. What is your business or occupation?
A. Insurance underwriting.
Q. With what firm are you associated?
A. Miles & Miles.
Q. Where are they located?
A. 175 Jackson, West Jackson.
Q. In Chicago?
A. In Chicago.
Q. What is your position with Miles & Miles?
A. Underwriting and production.
Q. You are an underwriter?
A. Yes, sir.

Q. Have you brought with you certain records
1098 of Miles & Miles, Incorporated?

A. I have.

Q. Do those records reflect insurance policies written on the residence at 812 North Lathrop Avenue, River Forest, Illinois?

A. These are on the contents.
Q. On the contents?

A. Yes.

Q. Of that reside[illegible]?

A. Of that residence, yes.

Q. Who is the broker on the account?

A. Mr. Bulger.

Q. Is that Joseph I. Bulger?

A. I believe that is his first name. I don't have it here.

Q. What is the name of the insured?

A. Nancy DeLucia.

Q. D-e-L-u-c-i-a?

A. That is right.

Q. What policy did your firm issue on the contents of the premises at 812 Lathrop?

A. In 1945, March 27, for a five year period, we issued a $5,000.00 policy covering the contents, and it was again renewed March 27, 1950, for five years.

1099 Q. What was the premium on the first policy?

A. $76.00.

Q. Was that the premium for five years?

A. For five years, yes.

Q. Was that paid?

A. That was paid, yes.

Q. The date on which it was paid? Do you have the date of the payment?

A. No, I don't have the date of that payment, the first one.

Q. Do you know if it was paid, from your records?

A. Yes, it was.

Q. What the a[illegible]ount of the premium on the second policy?

A. $76.00 also.

Q. That policy began on what date?

A. March 27, 1950.

Q. Was that premium paid?

A. That premium was paid, yes.

Q. Mr. Lodding, I have a letter here marked Government's Exhibit No. 148 on the stationery of Miles & Miles. I will ask you if the contents of that letter correctly describe the issuance of those insurance poli-
1100 cies as it is shown in the records of your company.

A. Yes, it does.

Q. Do you know who the author of that letter is?

A. Mr. Miles, Jr.

Q. Of your firm?

A. Yes.

By Mr. Barnett: Your Honor, I will offer in evidence Government's Exhibit No. 148.

By the Court: Same ruling.

1101 By Mr. Barnett: Your Honor, I will offer Government Exhibit No. 148.

By the Court: The same ruling.

(Said document, so offered and received in evidence, was marked Government Exhibit No. 148.)

By Mr. Barnett: I have no further questions of Mr. Lodding.

By Mr. Stewart: No cross.

(Witness excused.)

AUSTIN J. O'MALLEY, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

Q. Will you tell us your full name, please?

A. Austin J. O'Malley.

Q. Where do you live, Mr. O'Malley?

A. 1120 Edmer Avenue, Oak Park.

Q. What is your occupation?

A. Insurance, general insurance.

Q. How long have you been engaged in that business?

1102 A. 35 years.

Q. Are you engaged as a general agent.

A. General agent, yes, O'Malley & McKay.

Q. O'Malley & McKay.

A. Yes. I am president of the firm.

Q. As general agent, you write insurance for brokers?

A. Yes, sir.

Q. Have you ever written insurance for the account of Joseph I. Bulger?

A. Yes, sir.

Q. What insurance have you written on the account of Joseph I. Bulger for property located at 812 North Lathrop Avenue, River Forest?

A. Well, we wrote a couple of policies. We wrote one policy back in April, April 2nd, 1945, for five years, covering—

Q. What kind of a policy was that?

A. Fire insurance, covering the building at 812 North Lathrop Avenue.

Q. What was the name of the insured?

A. Nancy DeLucia.

Q. Now, that was the building rather than the

1103 contents, is that correct?

A. That was on the building.

Q. And that was written April 2, 1945, for five years. What was the premium?

A. $76.

Q. Was the premium paid?

A. Yes, sir.

Q. Did you write any other policy?

A. Well, we renewed that policy then, following when it expired, April 2, 1945—renewed it April 2, 1950, for five years again, with the premium of $76.

Q. The face amount of both of those policies was how much?

A. The face amount of both of them?

Q. Of each of them.

A. Of each of them, $76 apiece.

Q. How much would be paid on the policy in event of loss?

What was the value of the policy? How much was the insurance?

A. Well, that I haven't got right here. It would be in the neighborhood of $10,000, I think—yes,
1104 $10,000.

Q. Is $76 the premium?

A. The premium for five years, yes.

Q. It amounted to $10,000, the policy?

A. Yes.

1105 Q. I hand you what has been marked Government's Exhibit 149, which is a letter, and ask you if you prepared that letter or if your signature appears on there.

A. Yes, I prepared that, yes.

Q. Does that letter correctly describe the insurance issued by your firm on the premises at 812 Lathrop Avenue?

A. Yes, sir.

By Mr. Barnett: Your Honor, I will offer Government's Exhibit No. 148.

By the Court: The same ruling.

By Mr. Barnett: Pardon me. It is 149, your Honor.

(Said document, so offered and received in evidence, was marked Government's Exhibit 149.)

By Mr. Barnett: I have no further questions of Mr. O'Malley.

By the Court: No cross examination?

By Mr. Stewart: No cross.

By Mr. Green: No cross. The same motion, your Honor.

By the Court: All right.

(Witness excused.)

1106 By Mr. Barnett: Your Honor, I have some stipulations which I would like to read.

Stipulation No. 10.

It is further agreed between the parties hereto:

That DeLucia, on or about November 15, 1938, purchased from Mrs. Hannah M. Smith personal property located at 812 Lathrop Avenue, River Forest, Illinois, for $1,500.00 in cash, as indicated in Government's Exhibit No. 31.

Stipulation No. 11.

It is further agreed:

That Paul DeLucia paid the following Cook County tax warrants to the Treasurer of Cook County, covering his property (Lot 6, Block 12) located at Chicago and Lathrop Avenues, River Forest, Illinois, on December 31, 1940 in the total amount of $340.55.

The details of the above expenditures are contained in Government's Exhibit No. 32.

1107 Stipulation No. 12.

It is further agreed:

That Paul DeLucia paid the following real estate taxes and personal property taxes on his residence and property contained therein at 812 Lathrop Avenue, River Forest, Illinois, during the period 1940 to 1950, inclusive.

The total amount of the taxes of the real property paid, real property taxes paid, was $14,591.94.

The details by year of the payments are on Government's Exhibit No. 33.

The total amount of the personal property taxes paid for the period 1940 to 1947 was $481.19 and the yearly breakdown is contained in Government's Exhibit No. 33.

Stipulation No. 17.

It is further agreed:

That Paul DeLucia expended the following funds in farm repairs, maintenance and improvements during the year 1942:

1108 Corn crib, $4,738.76.

Silo, $989.80.

Combination of repairs to house, phosphates and plumbing, $3,433.18.

Total, $9,161.84.

The details of this expenditure are contained in Government's Exhibit No. 38.

1109 Stipulation No. 18.

It is further agreed:

That Paul DeLucia paid the following medical fee to Dr. Daniel H. Levinthal, 801 South Beverly Drive, Beverly Drive, Beverly Hills, California, on July 20, 1942: $2,500.00.

The details are on Government Exhibit No. 39.

Stipulation No. 19.

It is further agreed:

That Paul DeLucia expended the following amount for fuel oil used in heating the DeLucia residence at 812 Lathrop Avenue, River Forest, Illinois, during the period 1942 to 1950, inclusive: A total figure of $4,961.00.

Details and the yearly breakdown are contained in Government Exhibit No. 40.

Stipulation No. 20.

It is further agreed:

That Paul DeLucia purchased the following house-
1110 hold furnishings from Dominick Sibilano, 3140 North Linder Avenue, Chicago, Illinois:

In 1939, the total purchases were $18,702.84.

In 1943, the total purchases were $1,881.79.

The details of these expenditures are contained in Government Exhibit No. 41.

Stipulation No. 21.

It is further agreed:

That during 1943, Paul DeLucia had demolition work done at his Long Beach, Indiana, home by E. D. Glidden, a general contractor.

That Paul DeLucia expended the following moneys in connection therewith: During the year 1943, $1,637.50.

Details of these expenditures are contained in Government Exhibit No. 42.

Stipulation No. 22.

It is further agreed:

That Paul DeLucia purchased the following stock
1111 of the TransAmerica Corporation during the year 1937:

600 shares of TransAmerica stock at a cost of $8,550.48, as detailed in Government Exhibit No. 43.

Stipulation No. 25.

It is further agreed:

That Paul DeLucia expended the following funds in hospital fees at Michael Reese Hospital:

In 1941, $100.

In 1942, $416.25, $416.25, as detailed in Government Exhibit No. 44.

1112 Stipulation No. 26.

It is further stipulated and agreed:

That Paul DeLucia paid a legal fee to Eugene Bernstein of $1,000.00 on May 9, 1945, as detailed in Government's Exhibit No. 45.

Stipulation No. 27.

It is further agreed:

That Paul DeLucia paid Anthony Giaconi, 1315 North 11th Avenue, Melrose Park, Illinois, the following salaries for caretaker's services at 812 Lathrop Avenue, River Forest, Illinois,—paid him a total of $15,210.00 for the period 1941 through and including 1950, at the rate of $1,560.00 per year, except, in the year 1950, he paid him a total of $1,170.00.

The details of the above expenditures are in Government's Exhibit 46.

Stipulation No. 28.

It is further agreed:

1713 That Paul DeLucia expended the following moneys for household furnishings from A. Contursi & Son as follows:

1946, $632.00.

1948, $612.00.

Details of these expenditures are in Government's Exhibit No. 47.

Stipulation No. 29.

It is further agreed:

That Paul DeLucia expended the following moneys to the Northern Indiana Public Service Company for stop No. 29, Long Beach, Indiana:

For the years 1946 to and including 1950, he expended $1,864.92, details of which are on Government's Exhibit No. 48.

Stipulation No. 30.

It is further agreed:

That Paul DeLucia advanced to the World Amusement Corporation of Illinois the sum of $1,000.00 on or about April 28, 1934, for which he received 133⅓ shares of World Amusement stock in return.

Details of this expenditure are in Government's Exhibit No. 49.

1114 Stipulation No. 31.

It is further agreed—pardon me, I mean Stipulation No. 35.

It is further agreed:

That Paul DeLucia mortgaged his residence at 812 Lathrop Avenue, River Forest, Illinois, in the amount of $30,000.00 on July 25, 1939, for a five year term with interest payable at 6 per cent per annum, payable semi-annually each February 1st and August 1st.

That one Steve Matalone, now deceased, was the mortgagee in this transaction, and that on July 25, 1939 Paul and Nancy DeLucia executed the following trust deed to the Chicago Title and Trust Company:

Deed No. 12346454 dated July 25, 1939.

Details of this mortgage loan are contained in Government's Exhibit No. 50.

1115 Stipulation No. 37.

It is further agreed:

That the books and records of Ray J. Beahan, Michigan City, Indiana, when available at a time prior to destruction showed and it is agreed that Paul DeLucia made the following payments and purchases at the time indicated, in connection with the Long Beach, Indiana, house as follows:

1934, downpayment on purchase of house, $6,888.70.

1935, paid on purchase of lots 35, 36, 41 and 42, $2,800.00.

1939, paid on purchase of lots 13 and 14, $1,500.00.

1940, paid on purchase of lots 12 and 15, $1,500.00.

Stipulation No. 31.

It is further stipulated and agreed:

That Paul DeLucia reported the following expenditures on his monthly report Parole Form 24:

During the year 1947:

1116 During the month of August, zero.

During the month of September, $3,736.76.

October, $8,631.58.

November, $9,047.00.

December, $6,919.35, for a total of $28,334.69, as detailed in Government Exhibit No. 51.

Your Honor, without re-reading the exhibit numbers, I offer in evidence all the exhibit numbers which I referred to in reading the stipulations, and I would like to have them admitted.

By the Court: They may be received in evidence.

By Mr. Stewart: We are still waiting for copies of some of those.

By the Court: Subject to the same objection.

(Said documents, so offered and received in evidence, were marked, respectively, Government Exhibits Nos. 31, 32, 33, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50 and 51.)

1117-1119 * * *

1120 * * * VIVIAN G. MILLER, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

Q. Will you tell us your full name, please?

1121 A. Vivian G. Miller.

Q. Where do you live, Miss Miller?

A. 1447 West Balmoral.

Q. What is your occupation?

A. Accountant.

Q. By whom are you employed?

A. Schmidt, Garden & Erikson.

1122 Q. Is that an architectural firm?

A. Yes, sir.

Q. Where are the offices located?

A. 104 South Michigan.

Q. Miss Miller, I will hand you Government Exhibits Nos. 105, 106, 107 and 108, and ask you if these are records of receipts of the architectural firm of Schmidt, Garden & Erikson?

A. They are.

Q. Were those records kept under your supervision?

A. Yes, sir.

Q. And were they kept in the ordinary course of business?

A. Yes, sir.

Q. Was it the custom of your firm to keep such records?

A. Yes, sir.

By Mr. Barnett: Your Honor, I will offer in evidence Government Exhibits 105, 106, 107 and 108.

By Mr. Green: There will be no objection, although I absolutely fail to perceive the materiality.

1123 By the Court: Same ruling.

(Said documents, so offered and received in evidence, were marked, respectively, Government Exhibits Nos. 105, 106, 107 and 108.)

By Mr. Barnett: I have no further questions of Miss Miller.

(Witness excused.)

1124 RAYMOND S. RATAJAK, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

Q. Will you tell us your full name, please?

A. Raymond S. Ratajak, R-a-t-a-j-a-k.

Q. Where do you live, Mr. Ratajak?

A. 418 Circle Avenue, Forest Park, Illinois.

Q. What is your occupation?

A. Vice president and cashier, Forest Park National Bank.

Q. And in that position, do you have custody and control of records of deposits made in the bank?

A. Yes, sir, I do.

Q. And have you been subpoenaed to bring certain records with you?

A. Yes, sir, I have.

Q. And to what account do those records pertain?

A. To the account of Paul DeLucia.

Q. Mr. Ratajak, I hand you what has been marked Government's Exhibit 142, a photostatic copy, and
1125 ask you if those are signature cards on the account that you have just mentioned.

A. Yes, sir, they are.

Q. And have you compared them with the original cards in your possession?

A. I did, yes, sir.

Q. I hand you Government's Exhibit No. 143, a group exhibit consisting of, I believe it is nine pages, and I ask you if that is a true and correct photostatic copy of the bank's ledger account in the name of Paul DeLucia.

A. Yes, sir, it is.

Q. Is that the name in which the account is carried, Paul DeLucia?

A. Yes, sir.

Q. I hand you Government's Exhibit No. 144, a group exhibit consisting of 41 deposit tickets, I believe, and ask you if those are true and correct photostatic copies of deposit tickets connected with that account.

A. Yes, sir, they are.

Q. Have you compared those with the originals, outside of court?

A. Yes, sir.

1126 Q. I hand you Government's Exhibit No. 145, and ask you if you will identify it for us.

A. This is a liability ledger sheet indicating a loan negotiated by Mr. Paul DeLucia.

Q. With the bank?

A. With the Forest Park National Bank, yes, sir.

Q. In what amount?

A. $11,000.00.

Q. When was the loan negotiated?

A. March 30, 1948.

Q. How long did it remain in existence?

A. Until March 27, 1951.

1127 Q. And I hand you Government Exhibit No. 146 and ask you if you can identify that document.

A. This is a collateral card indicating the collateral that was offered for the loan just mentioned.

Q. Now, with respect to the account at your bank, when was it opened, the bank account?

A. I will have to check the cards.

September 19, 1947.

Q. September 19, 1947?

A. Yes, sir.

Q. How long did it remain open?

A. January 20, 1949.

Q. Is that when the account was closed?

A. Yes, sir.

Q. Who were the signators on that account?

A. Paul DeLucia and Nancy DeLucia.

Q. Was that a checking account?

A. Yes, sir, it was.

By Mr. Barnett: I offer in evidence, your Honor, the photostatic copies of the bank records, being Government Exhibits Nos. 142, 143, 144, 145 and 146.

1128 By the Court: The same ruling, and the same objection.

By Mr. Green: Yes.

By Mr. Barnett: No further questions.

By Mr. Stewart: No cross.

By Mr. Green: No cross.

(Said documents, so offered and received in evidence, were marked, respectively, Government Exhibits Nos. 142, 143, 144, 145 and 146.)

By the Court: That's all. Thank you very much.

(Witness excused.)

GEORGE A. RAPP, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

Q. Will you tell us your full name, please?

A. George A. Rapp, R-a-p-p.

Q. Do you spell your name R-a-p-p?

A. Right.

1129 Q. Where do you live?

A. Naperville, Illinois.

1130 Q. What is your occupation?

A. I am retired now.

Q. How long have you been retired?

A. Since May 1st.

Q. Of 1958?

A. 1958.

Q. Prior to retiring, what was your occupation?

A. Insurance.

Q. How were you in the insurance business?

A. I was supervising general agent.

Q. For how long?

A. For a period of 28 years and three months.

Q. Prior to that what were you?

A. In the insurance business.

Q. As supervising general agent, what was the name of the firm with whom you were associated?

A. George A. Rapp & Company.

Q. George A. Rapp, being yourself?

A. That is right.

Q. Do you know the defendant in this case, Joseph Imburgio Bulger?

A. Yes, I do.

Q. Do you see him in the court room?

A. Right over there.

1131 By Mr. Barnett: Let the record show that he has identified Mr. Bulger.

By Mr. Barnett:

Q. How long have you known Mr. Bulger?

A. Since 1923.

Q. How did you become acquainted with him?

A. We appointed the Citizens State Bank, or rather the president of the Citizens State Bank, as an agent of ours, and through being in there, I became associated or became acquainted with Joe.

Q. Under what name was he known at that time?

A. Joe Imburgio.

Q. What was his position in the bank?

A. I believe a teller.

Q. Did you continue your associations with him after 1923?

A. After the bank closed, which was in the early thirties, we appointed Joe as a representative of our company, yes.

Q. To sell insurance policies?

A. That is right.

Q. Between 1923 and sometime in the thirties when the bank closed, was Mr. Imburgio then working at
1132 the bank?

A. That is right.

Q. Through Mr. Bulger did you have occasion to sell any insurance policies on the residence of Paul DeLucia?

A. Yes, we did.

Q. What type of insurance did you sell on that residence?

A. Fire and extended coverage.

Q. Does that mean fire on the contents or on the residence itself?

A. Well, fire on the building and fire on the household furniture.

Q. Do you have records of the premiums received that is, the gross premium amount charged for those policies that you wrote on that building?

A. For what period?

Q. Do you have records for any period?

A. 1940 to 1950, $830.80 gross.

Q. That is the total premium?

A. That is gross.

1133 Q. Do you have that broken down by years?

A. Well, it runs 1940, '43, '45, '48 and '50.

Now there were approximately five policies written which were written for five year periods, and then renewed for a five year period.

Q. All right.

Can you tell us about the first policy?

A. That was dated December 14, 1940.

Q. Can you tell us what type of policy it was?

A. It was fire and extended coverage.

Q. On the residence or the contents?

A. Presumably on the dwelling. The big end of it was on the dwelling.

Q. You are not sure which it was?

A. Well, I can't tell from our record, but it was on either one or the other.

Q. What was the gross premium?

A. The gross premium on the first one was $26.

Q. Then did you write additional policies?

A. Yes, we did.

Q. When did you write additional policies?

A. The next one was May 14, 1943.

1134 Q. Did you write more than one policy on that date?

A. We wrote one—we wrote eight.

Q. On May 14?

A. Wait a minute. Six different policies—five different policies, and three of them that were in force were extended.

Q. What was the nature of those policies?

A. Dwelling or household furniture.

Q. You don't know which?

A. One or the other.

Q. Do you know the face amount of the policies?

A. Yes, I do. The first one in December of 1940 was for $2,500.

The other four in succession were $2,500 each. Then there—

Q. Those that were $2,500 each had what gross premium on them?

A. Three of them were $26. Two of them were $20 and four were—no, one was $12. The other three additional charges were $12 each.

Q. What was the face amount of the insurance covered by those several policies, if you can tell us?

1135 A. $15,000.

Q. Now I am talking about the policies written in May, 1943.

A. They were $2,500 each.

Q. $2,500 each?

A. Right.

Q. And there are different premiums on them, are there not?

A. That is right.

Q. Are they all for the same face amount?

A. All for the same face amount.

Q. But different premiums?

A. Different premiums, yes.

Q. Some for the contents and some for the house?

A. Presumably so.

1136 Q. That would account for the difference in premiums?

A. That is right.

Q. Then did you write an additional two policies in the latter part of 1943?

A. In November 1943 we wrote two policies of $15,500.00 each, making a total of $31,000.00.

Q. What was the premium on those two policies?

A. $198.40 each.

Q. Was that fire insurance on the residence?

A. Fire and extended coverage, right?

Q. Then did you write some further insurance?

A. Yes, we did.

Q. When was the next policy?

A. December 14, 1945 we wrote $2500.00. On the same date we wrote another $2500.00 policy.

May 14, 1948 we wrote a $2500.00 policy. In fact, on that date we wrote three policies, two of $2500.00 and one of $5000.00.

Q. Are those renewals of the policies that were written in 1943?

A. Yes, they are.

Q. And in 1950, did you write any policies?

A. Wrote two policies on December 14 of $2500.00 each and—

1137

Q. Were those renewals of the two policies written in December of 1945?

A. One of them was—no, I can't tell that.

Q. Are they the same premium?

A. One is for $26.00 and the other for $38.00.

Q. And in December 1945, what were the premiums?

A. $26.00 and $38.00.

Q. The same premiums?

A. That is right.

Q. Are those five year premiums?

A. They are, sir.

Q. Are all the premiums listed five year premiums that you are talking about?

A. They are.

Q. I hand you what has been marked Government's Exhibit No. 147, which is a letter signed by you, and ask you if on that letter you state correctly the amounts of premiums paid, that is, the gross and net premium paid to your firm in connection with these various policies that you have testified about?

A. Yes, that represents all the items.

By Mr. Barnett: Your Honor, I will offer Govern-

1138

ment's Exhibit No. 147.

I have no further questions of this gentleman.

By the Court: Same ruling.

(Said document, so offered and received in evidence, was marked Government's Exhibit 147.)

By Mr. Stewart: No cross.

(Witness excused.)

1139 JOHN G. MALONEY, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

* * *

1140 * * *

1141 * * * Q. I hand you Government Exhibit No. 151 and ask you if this is a true and correct photostatic copy of that transcript.

A. It is.

By Mr. Barnett: Your Honor, I will offer Govern-

1142 ment Exhibit No. 151.

No further questions.

I will withdraw him and put another witness on.

By Mr. Stewart: I don't want to cross examine him, Judge, but I just thought I would like to look at it before we do anything else.

By Mr. Green: Mr. Bulger will move to strike the testimony for the general reasons previously stated.

By the Court: You have a general objection, and that stands.

Mr. Stewart will be given a chance to go over it and to cross examine him on it.

By Mr. Barnett: I would like to withdraw Mr. Maloney while Mr. Stewart is studying the transcript, to put another witness on for a few minutes.

By the Court: All right.

(Said document, so offered and received in evidence, was marked Government Exhibit No. 151.)

1143 By the Court: Are you, then, postponing that until Monday?

By Mr. Stewart: I don't believe I need to cross examine Mr. Maloney. It is just a question of whether I am

going to object to the admission of this. I assume he is telling the truth.

By the Court: Then there is no cross examination?

By Mr. Stewart: No cross examination.

By Mr. Barnett: Your Honor, if the document is objected to, why then, I will have to have the conversation from Mr. Maloney that took place on that date.

By the Court: I will give you a chance to recall him.

By Mr. Barnett: All right.

Will you step down, Mr. Maloney?

Mr. Maloney is from out of town.

I don't want to hold him any longer than I need to. He can wait for a while, though.

(Witness withdrawn.)

1144 By the Court: How many more witnesses have you?

By Mr. Barnett: This is the last one, your Honor.

By the Court: I beg your pardon?

By Mr. Barnett: This is the last one.

I believe I have another witness that I was unable to get hold of for today. It was just a short one that we may put on Monday.

Mr. Szwed.

MATTHEW E. SZWED, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

Q. Will you tell us your full name, please.

A. Matthew E. Szwed.

Q. Where do you live, Mr. Szwed?

A. Chicago, Illinois.

Q. And where are you employed?

1145 A. District Director of Internal Revenue, Chicago.

Q. What is your position with the District Director's office?

A. I am chief of computation, verification, matching checks.

Q. And in that position, do you have custody of and access to income tax returns filed by taxpayers?

A. Yes, sir, I do.

Q. For the County of Cook, Northern District of Illinois?

A. Yes, I do.

Q. Do you have access to all records concerning the Director's record of returns filed?

A. Yes, I do.

Q. And the payments made?

A. Yes, I do.

Q. Have you made a search for income tax returns filed under the name of Nancy Gigante?

A. Yes, I did, sir.

Q. For what period of time?

A. 1920 through 1926.

Q. And did you find any record of returns filed

1146 in that name?

A. No, I did not find any records, sir.

Q. Have you made a search for income tax returns in the name of Nancy DeLucia?

A. Yes, I did, sir.

Q. For what period?

A. 1927 through 1933.

Q. Did you find any returns filed under that name?

A. I find no record of returns being filed.

Q. Does the District Director's office keep a file of gift tax returns?

A. Yes.

Q. Did you search, in the files of the District Director's office, for gift tax returns filed in the name of either DeLucia or Gigante?

A. I did, sir.

Q. For what years?

A. 1920 through 1950.

Q. Did you find any such returns filed?

A. No record of returns being filed.

1147 Q. Does the District Director's Office keep a record of the state tax returns filed?

A. Yes, it does, sir.

Q. Did you search those records for any record of a state tax return being filed in the name of DeLucia or Gigante?

A. Yes, I did, sir.

Q. Did you find the record of any such returns being filed?

A. I find no record being filed.

Q. For what period of time?

A. 1920 through 1950.

Q. And did you search the records for any income tax returns filed under the name of Salvi under the period of time 1920 through 1934?

A. Yes, I did, sir.

Q. Did you find any record of such being filed?

A. No record of such returns being filed.

Q. Now, I hand you, Mr. Szwed, what has been marked Government Exhibit No. 156, which is an income tax return, and ask you if that return was filed with your office.

A. This return was filed in the Chicago office 1148 on April 15, 1957.

Q. And how can you tell that?

A. By the receipt stamp.

Q. It is marked on the face of the return?

A. It is marked on the face of the return.

Q. For what year is that return?

A. This is for the taxable year of 1956.

Q. Whose return is it?

A. It is the return of Paul DeLucia and Nancy DeLucia.

By Mr. Barnett: Your Honor, I offer this document. Government Exhibit No. 156, the 1956 return of Paul an Nancy DeLucia, for the limited purpose of showing th cost as stated in the return, of certain improvements o real estate owned by Mr. DeLucia and acquired by hi prior to 1956 but sold in the year 1956.

By Mr. Stewart: Will you read the part off which yo are interested in and then we don't need the exhibit?

Is that all right?

By the Court: I have no objection, if that 1149 agreeable to both sides.

By Mr. Stewart: Read the part off that wh you are interested in.

By Mr. Barnett: It is an entire couple of pages, y Honor. If we may do it this way, your Honor—

By the Court: Let us receive it temporarily and Mon we can stipulate on which part to eliminate.

By Mr. Stewart: He can probably have the part ph stated that he wants.

By the Court: All right. It may be received in dence, subject to adjustment Monday or Tuesday.

(Said document, so offered and received in dence, was marked Government Exhibit No. 156.

By the Court: Any cross examination?

By Mr. Stewart: No, your Honor.

By Mr. Green: No your Honor.

By Mr. Barnett: No further questions of this w tness, your Honor.

By the Court: Thank you very much.

1150 All right.

(Witness excused.)

By Mr. Barnett: I have no further witnesses, your Honor.

By Mr. Stewart: I don't see anything startling or damaging except that it is: "It shook the hand that shook the hand that shook the hand of John L. Sullivan." It is hearsay. It is what Mrs. DeLucia—

By the Court: Is there a legal objection?

By Mr. Stewart: I don't see any harm in it.

By the Court: All right. It may be received in evidence.

By Mr. Barnett: May I read it, your Honor?

By the Court: I beg your pardon?

By Mr. Barnett: I was going to read it.

By the Court: It is in evidence. Read it Monday.

By Mr. Barnett: Fine.

1151 By Mr. Barnett: May I stop for just a second, your Honor?

May I just read this one stipulation, your Honor.

Stipulation No. 38.

It is further agreed between the parties hereto that Paul DeLucia married Nancy Gigante on January 30, 1927, in Chicago, Illinois.

By the Court: All right.

Ladies and gentlemen, we have reached the point now where we are going to recess until Monday morning at 10:00 o'clock.

I think we are making remarkable progress, and I hope you are enjoying your experience. We are trying to make it as comfortable as we know how for you folks.

Please don't discuss this case with anyone over the week-end, and let no one talk to you about it. Our primary

consideration is to be fair and impartial and to keep you so, for both sides.

1152 I don't want you to be influenced by anything outside the court room, only that which you hear from the witness stand and from the lawyers in my presence and my rulings on competent and proper testimony.

I can't repeat it too often and I can't accentuate it too strongly. Our purpose here is to administer justice and be fair. I want you to be in that same mind, and I hope you have a very nice week-end.

Q. Thank you.

* * *

1153-1185 * * *

1186 * * * WALTER J. WOLF, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

Q. Will you tell us your full name, please?
A. Walter J. Wolf.
Q. Where do you live, Mr. Wolf?
A. 2519 Marion Lane, Wilmette.
Q. What is your business or profession?
A. General insurance agent.
Q. What is the name of your firm?
A. Wolf, Collins and Company.
Q. Where are your offices located?

1187 A. 175 West Jackson.

Q. Will you explain to us how a general agent in the insurance business operates with reference to brokers, please?

A. A broker receives an order for insurance, and he places it with general agencies like myself, who in turn place the business with an insurance company.

Q. Do you know Joseph Imburgio Bulger?

A. Yes, sir.

Q. Was Mr. Bulger at any time a broker who placed business through your company?

A. Yes, sir.

Q. Did Mr. Bulger ever place business concerning the residence of Paul and Nancy DeLucia through your company?

A. Not on the residence.

Q. On what?

A. On contents of the residence.

Q. What policies did he place with your firm?

A. Two policies.

Q. Do you have a record of those policies?

A. Yes, sir.

1188 Q. With you?

A. Yes, sir.

Q. May we see them, please?

A. Yes.

Q. Referring to your records, can you tell us when the first policy was written?

A. According to a copy of the invoice, rather a copy of a cash ticket, a policy, two of them, were written in 1945.

Q. Each in the amount of how much?

A. Each in the amount of $5,000 of insurance.

Q. And the type of insurance was what, household contents?

A. Fire and extended coverage on household and personal effects.

Q. Where they written for a five year term?

A. Yes, sir.

Q. What was the premium of the five year term?

A. $152.

Q. That is the two policies together?

A. Yes, sir.
Q. Were those policies ever renewed?
A. They were renewed in 1950.
Q. The same coverage, same amounts?
1189 A. Same coverage and same terms.
Q. Same premium?
A. Yes, sir.
Q. What date in 1950?
A. They were renewed as of April of 1950.
Q. For another five year term?
A. Yes.

By Mr. Barnett: I will ask the reporter to mark these documents as Government Exhibit 188 for identification and Government Exhibit 189 for identification.

(Thereupon said documents were marked Government Exhibits Nos. 188 and 189, respectively, for identification.)

By Mr. Barnett:
Q. I hand you what has been marked Government Exhibits 188 and 189, Mr. Wolf. Will you tell us what those documents are?
A. They are what we call cash tickets or records of payment of premium to our office.
Q. They are your records?
A. Yes, sir.
Q. Made in the ordinary course of business?
1190 A. Yes, sir.
Q. Is it your custom to keep such records?
A. Yes, sir.

By Mr. Barnett: Your Honor, I will offer Government Exhibits 188 and 189 in evidence.
By Mr. Stewart: No objection.
Same ruling, your Honor?
By the Court: You have no photostatic copies?

By Mr. Barnett: I haven't got photostatic copies, but I would like permission to make them and return these documents to the witness.

By the Court: You may substitute the photostatic copies.

Same ruling.

(Said documents, so offered and received in evidence, were marked, respectively, Government Exhibits 188 and 189.)

By Mr. Barnett: Thank you, your Honor.

By Mr. Stewart: No cross examination.

1191 By Mr. Barnett: You may step down.

(Witness excused.)

By Mr. Barnett: Your Honor, I have a stipulation which I would like to read to the jury.

1192 Stipulation No. 41:

It is further agreed between the parties hereto:

That Fred Nevorowsky, 175 West Jackson Boulevard, Chicago, Illinois, issued and received payments on insurance policies as follows:

Date, December 29, 1947, annual total $733.28. Payments received $733.28, by cash.

June 10, 1948, annual total, $163.99. Payment received, $168.99, payment by check.

January 31, 1949, annual total, $681.58. Payment received, $109.75 by check. Payment received on 2-2-49, $489.23, by cash.

Payment received on April 8, 1949, in the amount of $82.60, by check.

The next item, April 1, 1950, annual total, $694.77.

Payment received as follows: $248.09 on April 1, 1950; $272.15 by check on March 9, 1950. $4.86 on June 2, 1950

by money order and $169.67 on September 1, 1950, 1193 by check.

Details of these expenditures are contained in Government's Exhibit No. 179, which I move to be offered in evidence, your Honor.

By the Court: The same ruling.

(Said document, so offered and received in evidence, was marked Government's Exhibit 179.)

By Mr. Barnett: Your Honor, I would like to read another stipulation.

Stipulation No. 42.

It is further stipulated and agreed by and between the parties:—subject to verification of the figures by Mr. Stewart—

That Paul DeLucia received the following sums of money from the World Amusement Corporation and/or Abraham Teitelbaum of said corporation during the period 1938 through 1941 and that said funds were available to him for expenditure purposes as follows:

1938, $203.00; 1939, $400.00; 1941, $3,000.00.

1194 Your Honor, I would like to read Government's Exhibit No. 151, which was a statement of Mrs. Nancy DeLucia which we got into evidence at the close of the court on Thursday last.

The head of this document reads:

"On 9 June 1945 at 10:30 a. m., Mrs. Nancy DeLucia together with her attorney Eugene Bernstein, appeared in Room One, U. S. Court House, Chicago, Illinois, and conferred with Assistant Chief Field Deputy John G. Maloney, in the presence of Eleanor Bredis, stenographer.

"The following is a transcript of questions put by Mr. Maloney to Nancy DeLucia and the answers made by by her.

1195 "Question: What is your name?

"Answer: Nancy DeLucia.

"Question: Where do you live?

"Answer: At 812 North Lathrop, River Forest, Illinois.

"Question: What is your home telephone number?

"Answer: Forest 2105.

"Question: Are you married?

"Answer: Yes, sir.

"Question: To whom?

"Answer: To whom—to Paul DeLucia.

"Question: Do you have a bank account?

"Answer: Yes, sir.

"Question: With what bank?

"Answer: At the Northern Trust.

"Question: Here in Chicago?

"Answer: Yes, sir.

"Question: Is that a checking account or a savings account?

"Answer: Checking.

"Question: What is the approximate balance in the account?

1196 "Answer: A little over $200.00.

"Question: Do you have any other bank accounts?

"Answer: No, sir.

"Question: Do you have any other bank accounts—" Pardon me. Correction.

"Question: Have you had any other bank accounts since March 1, 1945?

"Answer: No, sir.

"Question: Do you have a safe deposit box?

"Answer: Yes, sir.

"Question: Where is that safe deposit box located?

"Answer: First National Bank.

"Question: Of Chicago?

"Answer: Of Chicago.

"Question: The box at the First National Bank, is that in your name?

"Answer: At least the box is one to which both my husband and myself have access.

"Question: Referring to the bank account at the
1197 Northern Trust Company, is that account in your name only or is that a joint account?

"Answer: It is the same as the First National Bank.

"Question: Do you have any other safe deposit boxes?

"Answer: No, sir.

"Question: Have you had any other safe deposit boxes other than the one at the First National Bank since March 1, 1945?

"Answer: No, sir.

"Question: Who owns the bank balance at the Northern Trust Company in the checking account?

"Answer: Whose money is it? Well, its been there quite a while.

"Question: Does it belong to you or to your husband?

"Answer: To the both of us.

"Question: What are the contents of the safe deposit box at the First National Bank?

1198 "Answer: Just home deeds and papers that are necessary.

"Question: Are there any securities in that box, such as stocks and bonds?

"Answer: No, sir.

"Question: Are there any insurance policies in the box?

"Answer: No, sir.

"Question: Are there any insurance policies on your life?

"Answer: Yes.

"Question: How many are there?

"Answer: There are two policies.

"Question: What companies?

"Answer: Its a small company.

"Question: Issued both of the policies?

"Answer: That's right.

"Question: How much are those policies for?

"Answer: A few thousand.

"Question: Each policy might be over a few thousand?

"Answer: That's right.

1199 "Question: Do you know whether these two policies on your life have any cash surrender or loan value?

"Answer: They are just life policies—in case of death.

"Question: You pay regular premiums as long as you live?

"Answer: That's right.

"Question: Do you know whether you could loan any money on these policies?

"Answer: No, sir, I don't know.

"Question: You don't know whether you could surrender these policies for cash?

"Answer: I don't know.

"Question: You don't recall the names of the companies?

"Answer: No, they're Italian companies or society.

"Question: How much cash do you have at the present time?

"Answer: A few hundred dollars.

1200 "Question: Can you give an approximate figure as to the number of hundreds?

"Answer: Several hundreds—about $600.00.

"Question: Do you own any stocks or bonds at the present time?

"Answer: None that I am aware of.

"Question: Have you owned any stocks or bonds since March 1, 1945?

"Answer: None that I am aware of.

"Question: Between March 1, 1945 and today, June 9, 1945, how many times have you visited your safe deposit box at the First National Bank, Chicago?

"Answer: I don't remember.

"Question: Could you approximate the number of visits?

"Answer: I have been there quite a while ago.

"Question: Have you visited since March 1, 1945?

"Answer: No, I have not.

"Question: The sum of approximately $600.00 in cash represents all the cash that you have at the present time?

1201 "Answer: Yes, sir.

"Question: Since March 1, 1945, have you delivered any cash or other property to any other person or firm to hold for you?

"Answer: No, sir.

"Question: Referring to the property located at 812 North Lathrop Avenue, River Forest, Illinois, will you describe the kind of a piece of property that it is?

"Answer: A residence—brick—nine rooms.

"Question: You say there is nine rooms at the River Forest home?

"Answer: Well, I think so, about eight rooms.

"Question: These rooms are furnished?

"Answer: That's right.

"Question: What would you say that the furniture cost?

"Answer: Well, I've been married eighteen years and during that time I have bought furniture. Some furniture is 15 or 16 years old, worth about $5,000.00.

1202 "Question: Who was the furniture purchased by?

"Answer: By my husband.

"Question: Paid for by him?

"Answer: As far as I know.

"Question: Do you have any income at the present time?

"Answer: No, sir.

"Question: You are not employed?

"Answer: No.

"Question: Do you have any business of your own?

"Answer: Never had.

"Question: You have no income in the form of interest or dividends?

"Answer: No, sir, not that I know of.

"Question: Again referring to the River Forest home, do you know in whose name the title of that property is?

"Answer: In both of our names.

"Question: Do you know what the county records would disclose?

"Answer: In both our names.

"Question: Who told you that it was held in both your names?

1203 "Answer: Because both of our names appeared on some papers that I had to sign.

"Question: When you say 'papers' do you refer to the deed?

"Answer: Yes.

"Question: Mr. Bernstein, your attorney, states that the River Forest home was purchased in October, 1938?

"Answer: That's correct.

"Question: The price was approximately $25,000.00?

"Answer: That's correct.

"Question: That on July 25, 1939, a mortgage was placed on the River Forest home in the amount of $30,000.00?

"Answer: That's right.

"Question: And Mr. Bernstein further states that the mortgage was and is held by a man by the name of Steve Matlone?

"Answer: That's right.

"Question: Do you know where Steve Matlone is located?

"Answer: He is the head of the Chicago Macaroni Company.

1204 "Question: Your attorney, Mr. Bernstein, also said that the $30,000 mortgage was due in August, 1944?

"Answer: That I don't know.

"Question: Was anything paid on this mortgage?

"Answer: I don't know.

"Question: Have you been served with any notice that foreclosure proceedings have been instituted by Steve Matlone?

"Answer: No, not so far.

"Question: Referring to the purchase price of the River Forest property which was brought at a cost of $25,000, whose money was used to make that purchase?

"Answer: It was not mine.

"Question: Do you know whose money it was?

"Answer: I assume that it was my husband's, Paul DeLucia.

"Question: Who resides at your home?

1205 "Answer: At my home I have three children, Marie, age 17, Tony, age 16, and Paul, Jr., age 7.

"Question: Are all of the children attending school during the school year?

"Answer: Yes.

"Question: Have guardians at any time been appointed for the children?

"Answer: No.

"Question: Do you have an interest in the farm located in La Porte County, Indiana?

"Answer: I have an interest in the country home located at Long Beach, La Porte, Indiana.

"Question: How large of a place is that?

"Answer: It now contains about 13 lots. 8 being purchased in 1933 from Mrs. Busse (widow of the former mayor of Chicago) and 5 lots across the road were subsequently purchased at a cost that I have been told was $1500.00.

"Question: What was the original cost of the 8 lots that were bought in 1933 from Mrs. Busse?

1206 "Answer: I am told that it was about $14,000.

"Question: Is there any mortgage on this property at the present time.

"Answer: There may be a balance due on the mortgage the amount of which is unknown by me.

"Question: Was there a mortgage on the property when you acquired it during the year 1933 at Long Beach, Indiana?

"Answer: I understand there was. That the mortgage was held by the Great Lakes Mortgage Company, located in the Gary State Bank Building.

"Question: How is the Long Beach, Indiana, property improved?

"Answer: There was a main house which was destroyed by fire, there is a small cottage which is known as a caretakers house having five rooms and there is a small part of the main house that was not destroyed by the fire.

"Question: Is the caretakers house furnished?

1207 "Answer: Yes, it is furnished just with the odds and ends.

"Question: Do you have any idea as to the value of the furniture in the caretakers house?

"Answer: Not over $70.00—about $75.00.

"Question: How is the title to the Long Beach, Indiana, country home held?

"Answer: Its all in my name only. That's my opinion, as fare as I know.

"Question: As far as you know; has it been only in your name since it was bought?

"Answer: Yes.

"Question: Whose money was used to purchase the Long Beach, Indiana, home?

"Answer: It was not mine.

"Question: Whose money was it?

"Answer: I assume it mas my husband's, Paul DeLucia.

"Question: Do you have any idea as to what the approximate market value of this property at the present time?

1208 "Answer: I have no idea.

"Question: Do you believe that it's worth between $50,000 to $60,000?

"Answer: I would not know.

1209 "Question: At any time during the past have you placed this property with a real estate broker for sale?

"Answer: Not that I know of.

"Question: Do you know whether your husband Paul DeLucia has ever placed this property for sale?

"Answer: Not that I know of.

"Question: Do you know how much the latest tax bill is?

"Answer: I can't remember.

"Question: Do you remember the amount of any tax bill during the past two years?

"Answer: No.

"Question: Have you ever made payment of the tax yourself?

"Answer: Yes.

"Question: Do you recall how much tax you paid for in that year?

"Answer: I paid one tax. I cannot recall.

"Question: Do you have an interest in the farm of 1100 acres located in Kendall County, Indiana?

"Answer: Yes.

1210 "Question: Do you know who holds title to that particular farm at this time?

"Answer: My husband and I.

"Question: Do you know if it is in joint tenancy?

"Answer: I believe that it is.

"Question: Do you know when this property was acquired?

"Answer: About three or four years ago.

"Question: How much did the property cost?

"Answer: I understand about $130,000.

"Question: What amount of cash was paid at the time of purchase?

"Answer: About $35,000.00 cash and the balance by mortgage—about $95,000.00.

"Question: Who holds the mortgage at the present time?

"Answer: I think its an insurance company.

"Question: Do you know the name of this company?

"Answer: I am not sure, it might be Prudential.

1211 "Question: What is the unpaid balance of the mortgage at the present time?

"Answer: I believe it would be about $60,000.

"Question: How is the farm improved?

"Answer: Well, there is a tool shed, a farm house, a corn crib and one or two barns.

"Question: How many rooms in the farm house?

"Answer: About six or seven.

"Question: Are the rooms furnished?

"Answer: Yes.

"Question: What would you say would be the approximate value of the furniture at the present time?

"Answer: My husband bought it. I don't know, it was just ordinary furniture.

"Question: What construction is the farm house?

"Answer: All frame.

"Question: The tool shed, corn crib and the barns are also frame?

"Answer: I think so.

1212 "Question: Do you operate this farm?

"Answer: No.

"Question: Does your husband operate this farm?

"Answer: No.

"Question: Who does operate it at the present time?

"Answer: A tenant by the name of Francis Curry.

"Question: What transaction, if any, was entered into with Mr. Curry relating to the farm?

"Answer: I am not sure except I understand that he operates the farm and pays the maintenance cost and the tax and insurance and additional sums to apply on the principal payments on the mortgage.

"Question: How long has Mr. Curry so operated the farm?

"Answer: For a few years.

"Question: Are there any cattle on the farm?

"Answer: Yes. I understand that the cattle belongs to Francis Curry.

1213 "Question: The cattle do not belong to you?

"Answer: No.

"Question: Did you receive any income from Francis Curry during the year 1944?

"Answer: No, sir.

"Question: Do you know whether he paid your husband any moneys during the year 1944 from the profits of the farm?

"Answer: I don't know.

"Question: Do you have any idea what the farm value of the Kendall County, farm is at the present time?

"Answer: No.

"Question: Are there any other assets or income which you have an interest other than the ones I have questioned you about today?

"Answer: No, sir, not that I know of.

"Question: You understand that you have been assessed as a transferee of the assets of your husband, Paul DeLucia, in connection with income tax for the years 1933, 1936, 1937, 1938, 1940 and 1941 in the amount of $183,883.55?

"Answer: That I understand, that I have been
1214 assessed.

"Question: Is your husband Paul DeLucia insured?

"Answer: No, not that I know of.

"Question: Does anyone owe you money?

"Answer: Not that I know of.

"Question: Do you have an automobile?

"Answer: Yes, sir.

"Question: What kind of a car is it?

"Answer: A Cadillac.

"Question: What model?

"Answer: A coupe 1940 model.

1215 "Question: Is this car in your name?

"Answer: Yes, sir.

"Question: Was it purchased by you?

"Answer: No, sir.

"Question: Who purchased the car?

"Answer: My husband.

"Question: Was the car new at the time it was purchased?

"Answer: I don't know.

"Question: Do you have any idea as to the value of this Cadillac coupe at the present time?

"Answer: I wouldn't know.

"Question: No outstanding mortgage?

"Answer: No.

"Question: And the title is in your name only?

"Answer: Yes, sir.

"Question: Do you have any other automobiles?

"Answer: No, sir.

"Question: Whose money was used to purchase 1216 the car you now have?

"Answer: My husband's, I think.

"Question: Are there any judgments outstanding against you at the present time of which you have knowledge?

"Answer: I don't know.

"Question: Did you file an income tax return for the year 1944?

"Answer: Never filed.

"Question: Did you have any income during the year 1944 that would necessitate the filing of an income tax return?

"Answer: No, not that I know of.

"Question: Have you disposed of any of your assets by sale or by transfer or by giving them away except by selling them for their full value since January 1, 1934?

"Answer: No.

"Question: You did not transfer any assets of substantial value to any one person or firm to hold for you?

"Answer: No.

"Question: You did not sell any assets other than 1217 for their full value?

"Answer: I have sold nothing.

"Question: Do you have any interest that you know of in any trust or estate?

"Answer: No.

"Question: Referring again to the Kendall County, Indiana, farm as far as you know, have foreclosure proceedings been instituted for the amount of the balance due on the mortgage?

"Answer: There is not.

"Question: Is the mortgage due on the Kendall County farm?

"Answer: I don't know.

"Mr. Maloney requested Nancy DeLucia to raise her right hand.

"Mr. Maloney: Do you solemnly swear that all the answers made by you to the questions relating to your financial condition are true to the best of your knowledge and belief?

"(Mrs. Nancy DeLucia raising her right hand.) That's right."

1218-1253 • • •

1254 Chicago, Illinois,
Monday, May 19, 1958,
2:00 o'clock p. m.

1255 • • • By Mr. Barnett: Your Honor, if counsel doesn't object I would like to withdraw Mr. Mahon for about five minutes. I have another witness who is a short witness that I would like to put on.

By the Court: All right.

By Mr. Barnett: Mr. Rutledge.

HAROLD W. RUTLEDGE, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

Q. Will you state your full name, please.

A. Harold W. Rutledge, R-u-t-l-e-d-g-e.

By Mr. Gorman: Would you speak up just a little bit, please?

By the Witness: R-u-t-l-e-d-g-e.

1256 By Mr. Barnett:

Q. Where do you live, Mr. Rutledge?

A. Evanston, 562 Sheridan Square.

Q. What is your business or profession?

A. The adjustment of fire losses.

Q. Are you associated with a firm?

A. Yes, sir, the Western Adjustment & Inspection Company.

Q. Where is that firm located?

A. In Chicago, our head office.

Q. 175 West Jackson Boulevard?

A. That's right, sir.

Q. How are you associated with the firm? What is your position with them?

A. I am corporate secretary.

Q. How long have you been with that firm?

A. 35 years.

Q. And have you acted as an adjuster yourself with that firm?

A. Yes, sir.

Q. What is the function of a fire adjustment firm?

A. Our function is the adjustment of fire losses as they occur, for stock insurance companies. We are owned by that.

1257 Q. And, in the course of such adjustments, what do you do?

A. Well, when the losses occur, we make an inspection of the loss and it is our duty to assist the insured or work with the figures on the claim to arrive at the proper settlement.

Q. During the year 1943, were you associated with the Western Adjustment & Inspection Company?

A. I was.

Q. And while so associated, did you have occasion to inspect a fire loss at the residence of Paul DeLucia at Long Beach, Indiana?

A. Yes, sir.

Q. Did you make that inspection in the year 1943?

A. As I recall, yes, sir.

Q. And was it shortly after the fire occurred?

A. It would be, yes.

1258 Q. Would you describe for us what you found on the inspection of the premises?

A. Well, I found that the fire was quite extensive. As I recall, it had started on the first floor and had communicated to the second, by way of smoke, heat and water, and so forth.

The furnishings in the home were also quite severely damaged.

Q. Approximately what percentage of the house was destroyed by fire?

A. Approximately, oh, a third, I would say.

Q. And approximately what percentage of the personal possessions in the house were destroyed by fire?

A. That is difficult to assess, because of the heat factor there. There is a difference between destruction and damage, if you understand me.

Q. I see.

What percentage of damage was there?

A. I would say very seriously damaged.

Q. Did you meet anybody on the premises when you were inspecting the damage at the house?

1259 A. Mr. DeLucia was there and I believe his attorney.

Q. Do you recall his name?

A. Mr. Bulger, I think, although that is—

Q. And did you discuss the loss and the settlement with Mr. DeLucia and Mr. Bulger?

A. Only to the extent—

By Mr. Green: I will object. He didn't even say Mr. Bulger was there, your Honor.

By the Court: Yes, he did.

By the Witness:

A. (Continuing) Only to the extent of instructions as to the preparation of the claim on the building and on the contents.

By Mr. Barnett:

Q. I see.

By Mr. Barnett: I have no further questions of this witness, your Honor.

By Mr. Stewart: We don't have any.

By Mr. Green: None.

By Mr. Barnett: You may step down.

By the Court: All right.

Thank you very much.

1260-1475 * * *

1476 * * * (Said documents, so offered and received in evidence were marked Defendants' Exhibits A-1 and A-2.)

(Witness excused.)

By Mr. Barnett: Your Honor, at this time I would like to offer in evidence what has been marked Government's Exhibits 185, 186 and 187, which are duplicate original signed copies of powers of attorney running

from Paul DeLucia to Eugene Bernstein, one each for the years 1948, 1949 and 1950.

By Mr. Stewart: No objection.

By the Court: They may be received in evidence.

(Said documents, so offered and received in evidence were marked Government's Exhibits 185, 186 and 187.)

1477 By Mr. Barnett: Now, your Honor, I have the District Court Clerk's file, that is, the District Court Clerk for the Northern District of Illinois, the Eastern Division, in the case of United States of America ex rel Paul DeLucia, Petitioners v. Thomas P. O'Donovan, Marshal, Respondent, No. 48 C 867.

I would like to offer one document from this file in evidence and I assume there is no objection to my not producing the Clerk of the Court with respect to the file.

By Mr. Stewart: That is true. I think your Honor can take judicial notice of it. It is in this court.

May I see the document?

By Mr. Barnett: May I have it marked? I can withdraw from the file a document entitled "Traverse." Will you mark this document, please, Government's Exhibit No. 200 for identification?

(Thereupon said document was marked Government's Exhibit 200 for identification.)

1478 By Mr. Stewart: For what purpose?

Well, I tried to get Mr. Barnett to tell me his purpose but I wish your Honor would reserve the ruling so we could find out what the purpose is. This is in some other litigation and there may be some matters here which are not germane to the case.

By the Court: I would like to know the purpose in order to pass upon the admissibility.

1479 By Mr. Barnett: This document, your Honor, is executed by Mr. Paul DeLucia in pen and ink and

contains what we consider to be admissions which have a direct bearing upon the issues in the case on trial.

By the Court: I will reserve the ruling. I will let you examine it.

By Mr. Green: There will be an objection on behalf of Mr. Bulger.

By the Court: It may be admitted, subject to your objection, if you renew it.

By Mr. Stewart: I drew it. I have no objection except we are getting off on another case, that's all.

By the Court: It is only for impeachment purposes here. You are not going to get into any other case. Unless it has impeachment value, it shouldn't be admissible.

By Mr. Stewart: And it would be rather difficult to understand any one part of it.

What does Mr. Barnett propose to do, read the 1480 entire thing?

By Mr. Barnett: No. I propose to read certain selected portions of it, your Honor.

By the Court: I will reserve my ruling. I will let you look at it.

By Mr. Barnett: I would like to read it now, the portions that I want.

By Mr. Green: Your Honor, so far as the defendant Bulger is concerned—

By the Court: The same ruling.

By Mr. Green: No. Our point is this is, at best, a declaration of an alleged co-conspirator made prior to the date alleged in the indictment as being the foundation which gave the conspiracy, it is clearly inadmissible, so far as the defendant Bulger.

By the Court: It is not admissible as to the defendant Bulger, and we will so direct the jury—that he must connect it up.

By Mr. Green: Thank you, sir.

1481 (Said document, so offered and received in evidence was marked Government Exhibit No. 200.)

By Mr. Barnett: I am reading from a marked copy, your Honor, a printed copy.

By Mr. Stewart: I have no objection to that.

By Mr. Barnett: The facing page of this document, a copy of which I am reading, and the original of the exhibit, being Government Exhibit No. 200, reads as follows:

"In the District Court of the United States, For the Northern District of Illinois, Eastern Division.

"United States of America, ex rel, Paul DeLucia, Petitioners, versus Thomas P. O'Donovan, Marshal, Respondent, No. 48 C 867.

"Before the Honorable Michael L. Igoe, District Judge.

"TRAVERSE."

That is the name of the document.

1482 "Now comes Paul DeLucia and for his answer to the return of the Marshal herein states that the said return is insufficient in law, his imprisonment illegal, and that he is entitled to his immediate discharge from custody."

And now skip to page 2 of the printed copy and read as follows:

Your petitioner submits herewith and makes a part of this traverse the printed report of the Congressional Committee, being House Report No. 2441, 80th Congress, Second Session,"

I now skip to page 4 of the printed copy of the exhibit, Government's Exhibit No. 200 and read:

"The transcript of the Congressional hearings, also submitted herewith and made a part hereof, will

demonstrate a deliberate smear campaign carried on by certain Congressmen."

• • •

1483-1495 • • •

1496 • • • By Mr. Barnett: Your Honor, I will offer into evidence that portion of Government Exhibit No. 201 which contains the testimony of Mr. Paul DeLucia.

By Mr. Stewart: Will your Honor reserve your ruling? There are a great many things in here that have nothing to do with this case, and we might be able to agree.

By Mr. Barnett: I don't intend to read it now, your Honor.

By the Court: I will exclude anything that has nothing to do with this case, so I needn't reserve it. I will admit that part of it that pertains to this case.

By Mr. Stewart: Mr. Barnett informs us he doesn't intend to read it now anyway, so it doesn't have to come up at this time.

By Mr. Barnett: I take it there is no objection
1497 to the competency of it?

By Mr. Stewart: No.

By the Court: All right, it may be received.

(Said document, so offered and received in evidence, was marked Government Exhibit No. 201.)

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1498-1568 • • •

1569 • • • LEWIS PENNISH, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

1570 *Direct Examination by Mr. Barnett.*

Q. Will you tell us your full name, please?

A. Lewis E. Pennish.

Q. Where do you live, Mr. Pennish?

A. Beverly Hills, California.

Q. What is your occupation?

A. Presently I am in the motion picture business.

Q. How long have you been so engaged?

A. About 15 years.

Q. Prior to that, what was your occupation?

A. I practiced—I was a practicing attorney here in Chicago.

Q. Did you specialize in any particular type of legal practice?

A. Quite a great deal of receiverships, reorganizations and bankruptcy.

Q. Were you associated with a law firm?

A. I was.

Q. What was the name of the firm?

A. Pennish and Rashbaum.

Q. Where was your firm located in Chicago? Where did it have offices?

1571 A. The Westminster Building. We were there about 25 years. That is 7 South Dearborn Street.

Q. During the year 1935, did you have anything to do with the bankruptcy of the Italian Village?

A. I did.

Q. How were you connected with that?

A. Judge Holly oppointed me counsel for Edwin D. Buell, who was the Trustee in Bankruptcy.

Q. Did you cause an audit to be made of the Italian Village books?

A. As much as was possible.

Q. Do you recall what the audit showed?

A. Yes. It was in the nature of an investigation, to find out the registration of assets.

Q. To find out what?

A. To discover assets.

Q. Did you conduct proceedings, that is, in the way of hearings, in order to determine such assets?

A. I did.

1572 Q. During the course of those proceedings, did you interrogate Mr. Joseph Imburgio?

A. I did. He was the president of the Italian Village.

Q. Do you recall who the other officers of the Italian Village Corporation were?

A. The principal officer and moving spirit was Imburgio, and the secretary and one of the directors was Libonati. I think his first name is Ellinor?

Q. Elliodor.

A. Elliodor, that is right. That is right.

Q. Libonati?

A. Libonati.

Q. Do you see Joseph Imburgio in the court room?

A. If I do, I wouldn't recognize him. It is so many years ago.

By the Defendant Bulger: I will stand up.

By the Witness: Now I kind of refresh my recollection.

By Mr. Barnett:

Q. Do you recognize Mr. Bulger?

A. Yes. He still looks very young.

1573 Q. Mr. Pennish, before whom did you interrogate Mr. Imburgio, now known as Mr. Bulger?

A. It was before the Referee in Bankruptcy, who was Archie Cohen.

Q. That was in Bankruptcy Court, was it?

A. Bankruptcy Court.

Q. Were the proceeedings reported by a stenographer, a court stenographer?

A. Yes, they were.

Q. Was a transcript furnished to you?

A. That is right, there was.

Q. I hand you what has been marked Government's Exhibit No. 129, and ask you if this is the transcript of those proceedings?

A. This is the transcript.

Q. Is there contained within that transcript a record of your interrogation of witnesses, other than Mr. Joseph Imburgio?

A. Yes. I examined Mr. Libonati.

Q. But does it contain your examination of Mr. Imburgio also?

A. Oh, yes, principally Mr. Imburgio.

Q. Have you had an opportunity to review that transcript?

1574 A. I have, this morning.

Q. Did you review it after you had received it from the court reporter back in 1935?

A. Oh, yes.

Q. Does it truly and accurately portray the questions propounded by you and the answers given by Mr. Imburgio at that time?

A. It does.

By Mr. Barnett: Your Honor, I will offer Government's Exhibit No. 129, the transcript just referred to, in so far as it contains the interrogation of Mr. Joseph Imburgio.

By Mr. Green: Your Honor, I don't know what this transcript may show.

By the Court: I will reserve my ruling and give you a chance to examine it.

By Mr. Green: Examine this witness or speak to this record? I can speak to this record right now, your Honor. I am at a loss to understand how a bankruptcy proceeding twenty-four years ago would have any pro-
1575 bative value whatsoever in the charge now at bar. I think we have gone far enough afield.

By the Court: There has been some testimony about Mr. DeLucia's capital investment. I don't know what it reflects, but if it reflects something of that nature, it may have a bearing on this case.

1576 By Mr. Green: I would like to examine it.

By the Court: Is that right, Mr. Barnett?

By Mr. Barnett: That is right, your Honor.

May I give you a photostatic copy of that?

By Mr. Green: Yes.

By Mr. Stewart: Your Honor, there is no cross examination. Will your Honor reserve the ruling until we have a chance to see what is in there?

By the Court: There will be no cross examination?

By Mr. Green: No cross examination, no.

By the Court: I will reserve my ruling.

By Mr. Barnett: May I have Mr. Pennish read certain portions of that transcript?

By the Court: Yes.

By Mr. Green: We object to that, your Honor, until we speak to the exhibit.

By the Court: Then you may cross examine on
1577 what he is reading. I don't think he can come back from California to read it.

By Mr. Stewart: Mr. Barnett can read it as well as the witness, and we are not going to question anything the witness has said.

By the Court: There is no question as to its authenticity. I will reserve my ruling, and wish you well going back to California.

By Mr. Green: There is a further ground to the objection to this, your Honor, and that is that this constitutes an effort by the Government to impeach its own witness, Mr. Garden, the man who came to this stand and testified that it was Mr. DeLucia who paid $180,000 in thousand dollar bills, I believe his testimony was, at the time the Italian Village was erected.

By the Court: Can't you reserve that until the final argument?

By Mr. Green: I am making this as a formal objection to your Honor.

1578 According to the transcript of the testimony, it is apparent that Mr. Bulger was there examined subsequent to the bankruptcy of the Italian Village, and Mr. Bulger stated and exhibited, apparently, these checks by which the Italian Village construction was paid for, and that the loss on the Italian Village was principally that of Mr. Bulger's.

Now, because the Government was dissatisfied with $180,000, which was put in the hands of Mr. DeLucia at a time when their proof shows that he was penniless, they seek to impeach him by means of this document.

We will object to such impeachment.

By the Court: The objection will be overruled. That is, on that objection. I am still reserving my ruling on the other.

By Mr. Green: I understand.

* * *

1579-1584 * * *

1585 * * * Chicago, Illinois,
Wednesday, May 21, 1958,
10:00 o'clock a. m.

* * *

And thereupon the following further proceedings were had in open court, out of the hearing and presence of the jury:—

1586 By the Clerk: No. 57 CR 154, United States of America v. Paul DeLucia and Joseph I. Bulger, the case on trial.

By Mr. Barnett: Ready, your Honor.

By the Court: Bring out the jury.

(Whereupon the following further proceedings were held in open court, in the hearing and presence of the jury:)

By the Court: Good morning, ladies and gentlemen.

By Mr. Barnett: Your Honor, the record is not entirely clear with respect to exhibits which have been offered and received.

At one point in the trial I offered Mr. Ruggaber's report, which is Government's Exhibit No. 55, and then on objection I withdrew it. Then subsequently Mr. Stewart stated that he preferred to have it in. It was my intention to reoffer it, but it doesn't show in the record, and I would like at this time to reoffer it.

1587 By the Court: If there is no objection, it may be received in evidence.

By Mr. Stewart: No objection.

By Mr. Green: The general objection.

By the Court: Yes, the same objection on behalf of Bulger.

(Said document, so offered and received in evidence, was marked Government's Exhibit 55.)

By Mr. Barnett: Yesterday while Mr. Joseph King was on the stand, I offered a series of exhibits which were documents in his file, and counsel objected that he had testified fully to the matter, and your Honor sustained the objection, and I withdrew all the exhibits except Government's Exhibit 196, which was the transcript.

By the Court: Because he testified, and those were his own notes.

By Mr. Barnett: Exactly, your Honor.

I would like to reoffer Government's Exhibit 195, which is the conference memorandum of November 15, 1954,

which has attached to it copies of the schedules
1588 which were submitted by Mr. Bernstein at that time.

By Mr. Stewart: I think he is entitled to those schedules. I don't know about the report.

By the Court: It may be received. If it is merely repetitious, it can't do any harm.

(Said document, so offered and received in evidence, was marked Government's Exhibit 195.)

1589 By Mr. Barnett: When Mr. Mahon was on the stand, I neglected to make an offer of Government Exhibit 181, which was the computation of possible cash on hand. I would like to offer that at this time, your Honor. Though we treated it as though it had been received in evidence, as we continued discussing the matter, but I never formally offered it.

By the Court: That was referred to?

By Mr. Barnett: Yes. He was cross examined on it.

By the Court: It may be received in evidence subject to the same objection for Mr. Bulger.

(Said document, so offered and received in evidence, was marked Government Exhibit 181.)

By Mr. Barnett: In addition to that exhibit, your Honor, I offered, while Mr. Mahon was on the stand, sub-summary exhibits, 161, 162, 163, 164, 165, 166, 167, 168,
169, 170, 171, 172, 173, 174, 175, 176, 177, 180, 182,
1590 184, all of which exhibits were identified by the defendants.

They were offered in evidence and there was later discussion on them, but your Honor's ruling was reserved pending cross examination of the witness, and after the cross examination I never reoffered the exhibits.

I reoffer them at this time, your Honor.

By Mr. Stewart: It is part of the testimony, your Honor.

By the Court: They may be received in evidence. Same objection on behalf of Mr. Bulger.

(Said documents, so offered and received in evidence, were marked, respectively, Government Exhibits Nos. 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 180, 182, and 184.)

1591 JOSEPH J. BUTLER, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

* * *

1592-1595 * * *

1596 By Mr. Barnett:

Q. You have two documents before you, Judge. I don't know who to call "Judge."

By the Court: Call him "Judge." He is a real judge.

By the Witness: Thank you, Judge.

By Mr. Barnett:

Q. Will you identify them for us, please, by exhibit number?

A. Exhibit number, Government Exhibit No. 88-A, professes to be a document, a photostatic copy, I believe, of the mortgage I have just discussed.

Q. I see.

A. Dated in July of 1948.

Q. And that is exhibit number what?

A. That is exhibit number, Government Exhibit No. 88-A.

Q. And what is the other document?

A. That is Government Exhibit No. 88-B and that is the release of the mortgage.

Do you want me to tell you how it was released?

1597 Q. If you will, please.

A. I suppose I shouldn't be volunteering information.

By the Court: He said you may, if you please.

By the Witness:

A. Oh, I see.

In 1955—that was the last I heard about that mortgage until—no, that is the wrong year—1951.

A lawyer came into my office, exhibited to me as trustee of that particular note, that particular trust deed, the paid note marked "canceled," at which time I did the duty of a trustee, I released the trust deed, or the mortgage—it is the same thing—it is a little different but we will call it "mortgage," if it is all right with you.

I released the mortgage, as trustee, and I can see, I presume this is recorded. I don't see any marks on there of it being recorded—that wouldn't be up to me—that would be up to the person who owned the property, the other side of the case.

1598 By Mr. Barnett:

Q. Do you recall who the lawyer was that came to your office?

A. I believe his name was Bernstein. I am not going to swear to that. I have never seen him before or since.

Q. Do you know what Hugo Bennett's occupation was?

A. Auditor for Sportsman's Park Race Track, Cicero, Illinois. He was studying auditing when I met him in school.

Q. Subsequent to the middle of 1948, did you have anything to do with another mortgage on property of Paul DeLucia?

A. Yes. Mr. Bennett called me in—I think it was May of 1949, now, or May of 1950. I am not sure. Perhaps you can refresh my memory.

• • •

1599-1604 • • •

1605 • • • (Said documents, so offered and received in evidence, were marked, respectively, Government Exhibits 89-A and 89-B and 188-A and 188-B.)

• • •

1606-1614 • • •

1615 • • • GEORGE E. GROTHE, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination By Mr. Barnett.

Q. Will you tell us your full name, please?

A. George E. Grothe, G-r-o-t-h-e.

Q. Where do you live, Mr. Grothe?

A. 5801 North Mason Avenue, Chicago.

Q. What is your occupation?

A. I am an auditor and custodian of the records of the First National Bank of Chicago.

Q. And have you been subpoenaed to bring with you certain records this morning?

A. I have.

Q. Have you brought with you a record of the savings account No. 589169?

1616 A. Yes, I have.

Q. What documents have you brought concerning that account?

A. I have the signature card and the ledger card.

Q. And in whose name is the account?

A. Paul DeLucia.

Q. What type of an account is it?

A. A savings account.

Q. I hand you Government Exhibit No. 205. Is that a true and correct photostatic copy of the ledger account and the signature card?

A. Yes, it is.

Q. Do you have a record of an account No. 38467?

A. I have a record of that account which is—that number was used in the former State Bank. Our number is 86596.

Q. Do you have the signature card and the ledger sheet?

A. Yes, I do.

Q. Is Government Exhibit No. 206 a true and correct photostatic copy of the ledger sheet and signature
1617 card?

A. Yes, it is.

Q. Do you have a record of a safety deposit box No. 9390?

A. Yes, I do.

Q. And in whose name is that box?

A. Mrs. Nancy DeLucia.

Q. What record do you have of that box?

A. I have a record of the rentals and the signature card.

Q. And is Government Exhibit No. 207 a photostatic copy of the card indicating the rentals, and the signature card?

A. Yes, they are.

Q. Do you have a record of a box No. 746 of Nancy DeLucia? In the name of Nancy DeLucia?

A. Yes, I do.

Q. What record do you have of that?

A. I have a record of the rental card and the signature card.

Q. And is Government Exhibit No. 208 the photostatic copy of those documents?

A. Yes, they are.

1618 Q. Do you have a record of a box No. 38070 in the name of Mrs. Nancy or Paul DeLucia?

A. Yes, I do.

Q. And what record do you have of that box?

A. A record of the rentals and the signature card.

Q. Is Government Exhibit No. 209 photostatic copies of those documents?

A. Yes, they are.

Q. Are the originals of these records kept by your bank in the usual and ordinary course of its business?

A. Yes, they are.

Q. And is it your custom to keep such records?

A. Yes.

Q. With reference to the account No. 598169, that is in the name of Paul DeLucia, is it?

A. Yes, it is.

Q. What is the address shown on that account?

A. 917 Blue Island Avenue.

Q. When was that account opened?

A. September the 8th of 1927.

Q. September 8, 1927?

A. That is correct.

Q. And how much was deposited in the account at its opening?

A. $750.00.

Q. How long did it remain open?

A. The account is still open.

Q. What type of account is it?

A. It is a savings account.

Q. What is the largest amount of money in the balance in the account?

A. $4500.00.

Q. On what date?

A. November the 2nd of 1927.

Q. That is the greatest amount in the account?

A. Yes, it is.

Q. What is the 1934 year end balance?

1620 A. $45.85.

Q. What is the 1943 year end balance?

A. $47.58.

Q. What is the 1947 year end balance?

A. $50.30.

Q. Now, will you turn to your record of the account which is now No. 860596.

In whose name is that account?

A. Mrs. Nancy DeLucia.

Q. And what address is shown for the account?

A. 4312 West 22nd Street.

Q. What is the date the account was opened?

A. May 21, 1931.

Q. Nineteen what?

A. 1931.

1621 Q. How long did the account remain open?

A. The account is still open?

Q. What type of account is it?

A. Savings account.

Q. What was the opening deposit?

A. $12.36.

Q. What was the year end balance for 1934?

A. $1.04.

Q. What was the year end balance for 1943?

A. $1.11.

Q. What was the year end balance for 1947?

A. $1.17.

Q. Turning to your record of the safety deposit box No. 9390.

In whose name was that box carried?

A. Mrs. Nancy DeLucia.

Q. When was the box opened?

A. June 16, 1931.

Q. What was the rental fee of the box?

A. $5.00.

Q. That is the annual rental fee?

A. It was increased to $6.00 in the following years.

Q. Can you tell us the size of that box?

1622 A. I don't know the dimensions.

Q. The approximate dimensions?

A. Probably the standard length. I know it would be the standard length, but it would probably be about maybe an inch deep or so.

Q. An inch deep?

A. And probably four inches wide, four and a half, something like that.

Q. Was that box subsequently closed?

A. This box was closed out September 12, 1935.

Q. What happened to the box on September 12, 1935?

A. It was transferred.

Q. Is that 1935 or 1945?

A. 1935.

Q. What happened after that?

A. It was transferred to a larger box.

Q. Was that box No. 746?

A. 746.

Q. What was the rental on the second box?

A. $10.00.

Q. What is the approximate size of such box?

A. I wouldn't know offhand.

Q. Larger than the $5.00 box?

A. Yes, it is larger.

1623 Q. Who were the authorized persons who could enter that vault?

A. Nancy DeLucia owned the box at one time singly, and then on January 13, 1936, Paul DeLucia's signature was attached and had authority to enter.

Q. How long did that box remain open?

A. It closed May 7, 1936.

Q. What happened on that occasion?
A. It was transferred to a larger box.
Q. What was the date?
A. $14.00. On May 7, 1936.
Q. What was the rental fee on the new box?
A. $14.00.
Q. Is that box No. 38070?
A. Yes, it is.
Q. Is this still a larger box than the one before?
A. Yes, it is.
Q. Who were the authorized entrants to that box?
A. Paul DeLucia and Mrs. Nancy DeLucia.
Q. How long did the box remain open?
A. It is still open.
Q. That is to say, they still hold that box?
A. Yes, they do.

By Mr. Barnett: Your Honor, I would like to
1624 offer in evidence Government's Exhibits 205, 206, 207, 208 and 209.

By Mr. Stewart: No objection and no cross.

By the Court: They may be received in evidence, subject to the same objection by Bulger.

(Said documents, so offered and received in evidence, were marked Government's Exhibits 205, 206, 207, 208 and 209.)

By Mr. Barnett: That is all.

(Witness excused.)

1625 HARRY RUSSELL WINKLEBLACK, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

• • •

1626-1639 • • •

1640 Q. Was there anything said about why these men were visiting him?

A. Other than the fact that there was some difference of opinion in the way Mr. Ricca's interests were being handled.

By Mr. Barnett: No further questions.

By Mr. Stewart: You have had a lot of trouble with the law, haven't you?

By the Witness: Yes, sir.

By Mr. Stewart: I won't make any more trouble for you. Come on. That's all.

(Witness excused.)

1641 By Mr. Barnett: Your Honor, I have the transcript of the bankruptcy testimony of Mr. Joseph Bulger, Government Exhibit No. 129, the foundation for which was laid by the attorney, Mr. Pennish, yesterday. I would like at this time to read from this document.

By Mr. Green: If the Court please, there has been a formal objection made. I read it last night. I fail to see where it has anything to do with this case.

By the Court: Does it pertain to the financial structure of the company and its ultimate bankruptcy?

By Mr. Barnett: Yes, sir, it certainly does, and pertains to the entire—

By the Court: You may read it. Objection overruled.

By Mr. Barnett: The certificate on the facing page of this transcript reads:

"United States of America
"Northern District of Illinois
"In the District Court of the United States
1642 "For the Northern District of Illinois
"Eastern Division at Chicago.
"In the Matter of Italian Village, Inc., Bankrupt.

"No. 57216.

"Certificate of Evidence

"The following is a stenographic transcript of proceedings had and evidence introduced in the above entitled cause, before the Honorable Archie H. Cohen, Referee in Bankruptcy, at his courtroom, suite 1801, 7 South Dearborn Street, Chicago, Illinois, at the hour of eleven-thirty o'clock A.M. February 1, 1935, pursuant to order of reference heretofore duly entered herein, and due notice given.

"Appearances:

"Messrs. Pennish & Rashbaum

"(By Mr. Lewis E. Pennish),

"Appearing on behalf of the trustee in bankruptcy.

1643 "Mr. Joseph Rosenberg

and

"Mr. Alfred E. Roth,

"Appearing on behalf of creditors.

"Mr. Elliodor M. Libonati,

"Appearing on behalf of the bankrupt."

Page 4 of the transcript:

"JOSEPH IMBURGIO was called as a witness by the trustee, and being first duly sworn, testified as follows:

"Direct Examination by Mr. Pennish,

Q. Will you state your name, please?
A. Joseph Imburgio.
Q. And where do you live, Mr. Imburgio?
A. 1103 Broadway, Melrose Park, Illinois.
Q. What is your business?
A. Real estate and insurance.
Q. Were you associated with the Italian Village?

A. Yes, sir.

1644 Q. That was an exhibit at A Century of Progress, is that correct?

A. Yes, sir.

Q. Was that a corporation?

A. Yes, sir.

Q. What was it? An Illinois corporation?

A. An Illinois corporation, yes, sir.

Q. When was it organized, do you know?

A. It was organized sometime in the latter part of January or the early part of February.

Q. What year?

A. 1933.

Mr. Rosenberg: 1933 or 1934?

The Witness: 1934.

Mr. Pennish: Q. This exhibit was not in existence during the 1933 Fair, was it?

A. No, sir.

Q. Now, who were the people that organized this corporation besides yourself?

A. Mr. E. M. Libonati, Alderman William V. Pacelli, Senator Daniel A. Serritella and Mr. Hugh M. Garden, of Garden, Erikson & Schmidt.

Q. Anybody else?

A. That is about all.

Mr. Rosenberg: Including yourself?

1645 The Witness: Yes, and myself.

Mr. Pennish: Q. What was the total authorized capital stock of that corporation?

A. $5,000.00.

Mr. Rosenberg: All the records are here, are they not?

Mr. Pennish: No, they are not here.

Mr. Rosenberg: The total authorized was twenty, and five was issued.

The Witness: Yes, $20,000.00.

Mr. Pennish: Q. $20,000.00 authorized capital stock?

A. That is right.

Q. And $5,000.00 was issued?

A. Yes.

Q. Was that all the issued stock?

A. Yes, sir.

Q. That is all the money that was put in as subscription for stock, is that right?

A. $5,000.00, yes, sir.

Q. Now, who was the principal moving person in this undertaking? Who was it? You?

A. No. Mr. Garden.

Q. Is he the architect?

A. He is the architect, yes.

1646 Q. Who contributed this $5,000.00 of this authorized capital stock?

A. There was myself, Mr. Libonati, Mr. Pacelli, Mr. Serritella and Dr. Plagono.

1647 Q. Who was the attorney for this company?

A. Mr. Libonati, the secretary.

Q. Now, do you know how much money was expended, about how much money was expended in the construction of that village?

A. Yes, approximately.

Q. How much was it?

A. $180,000.

Q. These men that you mentioned here, including yourself, were they all directors of the company?

A. No, there were just three directors.

Q. Who were the directors?

A. Myself, Mr. Libonati and Alderman Pacelli.

Q. This $180,000, that represented money paid to various contractors?

A. Yes, sir.

Q. Is that right?

A. Yes, sir.

Q. At the present time how much does this company owe?

A. About $120,000.

Q. $120,000?

A. About that, yes, sir.

Q. Is that part of the $180,000?

1648 A. No. $180,000 is expended for construction. $120,000 represents loans made to the corporation.

Q. In other words, the contractors that had put up this venture, they were all paid up?

A. Practically.

Q. They were practically all paid up?

A. Practically all paid up, except about $30,000.

Q. All paid up except $30,000?

A. Yes, sir.

Q. So of this $120,000, about $30,000 is represented by these contractors?

A. Yes, sir.

Q. Is that right?

A. Yes, sir.

Q. And the remaining $90,000, how is that divided?

A. By two loans made to the corporation.

Q. Which loans are those?

A. They represent $45,000 that I loaned to the company and $45,000 Mr. Edward J. O'Hare loaned to the company.

Q. $45,000?

A. Yes, sir.

Q. Who is Mr. Edward J. O'Hare?

1649 A. A friend of mine.

"The Court: Is he the orchestra leader?

"The Witness: No.

"Mr. Pennish: Q. Tell me more about him, will you, please?

A. Mr. O'Hare is president of the Sportsman's Park Jockey Club, and he is also president of the Miami Beach Kennel Club, and he is also president of the Wilson Avenue Building Corporation.

Q. Is he the vice-president of anything that you know of?

A. No, sir.

"Mr. Rosenberg: He is a breeder of horses and dogs.

"Mr. Pennish: Q. What is his address here in Chicago? Is Chicago his home?

A. Yes.

Q. Do you know where he lives?

A. No, I don't know where he lives. He stays over at the Illinois Athletic Association when he is in Chicago.

Q. Now, this $45,000 that you advanced, did you advance it at one time?

A. Yes.

Q. All at one time?

1650 A. Well, in amounts ranging from $6,500 up to $17,000.

Q. Well, then you advanced it on various occasions?

A. Yes, all within a short period.

Q. Do you recall on what dates these advancements were made?

A. No, the records would show.

* * *

1651-1653 * * *

1654 * * * By Mr. Bulger: Do you want to read from your own photostatic copy? You might as well read the whole thing to the jury.

By Mr. Barnett: All right. I will read it. I am on page 13. The last question was:

1655 "Q. Was he a director of this company?

A. No, sir.

Mr. Rosenberg: Neither was he a stockholder.

Mr. Pennish: Or was he a stockholder?

A. No.

1656-1657 * * *

1658 * * * Q. Did you borrow any of this forty-five thousand dollars from others that you advanced to this corporation?

A. No, sir.

Q. You were a man of means, were you?

A. Yes, sir.

Q. And you are a man of means?

A. Yes, sir.

Q. And those were your own funds?

A. Yes, sir, they were my own funds.

Q. Where did that money come from? From what particular bank?

1659 A. I didn't have a bank account. I had my money in a box.

Q. You had no bank account at all?

A. Oh, yes, I had a bank account.

Q. What bank were you doing business with?

A. The Prairie State Bank and the Northern Trust Company.

Q. So you had two accounts?

A. Yes.

Q. But this $45,000.00 you say came from moneys in a box?

A. Yes, sir.

Q. All of it.

A. Most of it. I had my own checking account that ran, at times, as high as eight or nine thousand dollars.

Q. Where is your box located?

A. It is in the Prairie State Bank.

Q. Is it still there?

A. Yes, sir.

Q. You would go into the box and take out the cash, is that right?

A. Yes, sir.

Q. And advance it?

A. Yes, sir.

1660 Q. Do you know anything about these advancements made by Mr. O'Hare?

A. Only what he told me.

Q. Well, I mean did you handle the money?

A. Yes, I saw the money, sure.

Q. You say that he advanced this money at your request?

A. Yes, sir.

Q. Did he give you the money, Mr. Imburgio?

A. Yes, sir.

1661 Q. Was it a check?

A. No, sir. It was cash.

Q. It was always cash, is that correct?

A. Yes, sir.

Q. The whole $45,000?

A. The whole $45,000 was cash.

Q. Was it given to you for this company at one time?

A. Yes, sir.

Q. Where was the money given to you, at what particular place?

A. At the Prairie State Bank.

Q. Who was present?

A. Myself, the cashier, and there was another gentlemen there, I think, from the First National Bank.

Q. What cashier was that? Do you remember his name?

A. From the Prairie State Bank.

Q. Do you remember his name?

A. Yes. Mr. Fred Spring.

Q. Did Mr. O'Hare also have a vault box there?

A. I couldn't tell you. I don't know.

Q. You don't know that?

1662 A. No.

Q. You made an appointment to meet there, is that right?

A. Yes, sir.

Q. And he handed you the $45,000?

A. No. I got there late, and he left before I got there, but the man who had the money there was from the First National Bank, and he left it there with the cashier, and the cashier gave this gentleman a receipt, and when I came in this other gentleman was going out, and Mr. Spring told me the money was there, and he issued a receipt—I gave Mr. Spring a receipt for the money and I put it in the account.

"Mr. Rosenberg: Into what account?

"The Witness: Into the Italian Village account.

"Mr. Pennish: Q. Did the Italian Village have a bank account?

A. Yes, sir.

Q. Was that $45,000 deposited in the bank that the Italian Village was banking at?

A. Yes.

Q. What bank was that?

1663 A. The Prairie State Bank.

* * *

1664-1772 * * *

1773 * * * By Mr. Barnett: Your Honor, I would like to present now the testimony of Joseph Imburgio Bulger before the Federal grand jury on February 1, 1957.

Mr. Green has kindly consented to make the responses of Mr. Bulger while I read the questions. I think we will both save our voices a little bit that way.

By Mr. Green: This is at the request of the Government. We are not waiving any of our objections.

By the Court: All right.

By Mr. Barnett: I will read the facing page:

"Before the Federal Grand Jury, Friday, February 1, 1957, 10:30 o'clock a. m.

• • •

1774 • • • The responses will be responses of Mr. Bulger unless otherwise indicated.

"Q. Will you tell us your full name, please?

A. Joseph A. Imburgio Bulger."

• • •

"Q. Do you know Paul DeLucia?

A. Yes, sir, I do."

• • •

1775-1785 • • •

1786 • • • "Q. Now, on May 14, 1945, the fines were paid and they totaled $60,000.00, if you recall?

A. Yes.

Q. There were seven defendants and there was a $10,000.00 fine. Was there one defendant who was not fined?

A. Mr. Pierce was dismissed out of the case.

Q. Now what part did you play in obtaining the fine?

A. I collected whatever they gave me. Each defendant gave me the money.

1787 Q. $10,000.00?

A. Yes. Some gave me checks.

Q. What did DeLucia give you?

A. I think his wife gave me $10,000.00.

Q. In currency?

A. Yes.

Q. Did she give it to you in Chicago or New York?

A. I don't remember where I got it.

By Mr. Barnett: Page 36.

"Q. The reason why I ask that, is a preface as to what you did with the $10,000.00, did you convert it into a cashier's check or deposit it in your personal bank or how did you handle it?

A. I don't remember that. I don't remember just how it happened. I think either Mrs. DeLucia or—yes, she gave me the $10,000.00. Yes.

Q. In Chicago?

A. In Chicago.

Q. What did you do with it then?

A. I kept it, put it in an envelope. I put it in my box. When I got to New York I also got $10,000.00 from Mrs. Campagna.

Q. In currency?

A. Yes.

Q. You say you put it in your box when you got it?

1788 A. Yes.

Q. How did you go about paying the fine money with it.

A. I went up to the Clerk's office.

Q. Did you carry the $20,000.00 in person—$20,000.00 in currency on your person in an envelope?

A. Yes.

Q. You paid it at the Clerk's office?

A. Yes, sir.

Q. Do you recall whether Nancy DeLucia brought the money to your office in Chicago?

A. No. I think maybe Mr. DeLucia gave it to me. I don't remember exactly.

Q. Mrs. DeLucia did not give you the money then?

A. I don't remember exactly, Mr. Barnett. Frankly, I don't remember.

Q. Did you get the money all in one lump sum, $60,000.00?

A. $60,000.00?

Q. Yes.

A. No, I got $10,000.00 from Mr. DeLucia, $10,000.00 from Mr. Campagna, $10,000.00 from Mr. Maritote. I got $10,000.00 from Mr. D'Andrea.

Q. Was it all given to you in currency?

A. Well, I know Mr. DeLucia and Mr. Campagna
1789 gave it to me in cash but the others, I don't remember.

Q. Do you now recall whether it was Nancy DeLucia or Paul Delucia that gave you the $10,000.00?

A. No, I don't recall. I don't remember."

1790-1791 * * *

1792 * * * Q. DeLucia gave you $10,000 in currency in December, 1943, is that right?

A. Yes.

Q. In Chicago?

A. Yes.

Q. In your office?

A. I don't remember whether it was in my office or in his home. I don't remember exactly. It was somewhere around in that period of time.

1793-1804 * * * *

1805 * * * "Q. And now, were you in close contact with Paul DeLucia during the Christmas holidays of 1943, is that correct?

A. I wouldn't say 'close contact.' We came back
1806 right after the trial.

Q. Well, do you know about $300,000.00 that he had stashed in the house?

A. Yes, sir.

Q. Will you tell us that story?

A. Well, that's just before we left—have you got my statement there? Can I read it from that?

Q. I would like to have you tell the grand jury your statement.

A. They will cite me for perjury if I make a mistake here and there. Well, I'll give you the gist.

* * *

1807-1821 * * *

1822 "Q. Well, after the money was recounted in 1947, did you tell anybody about it after that?

A. No, sir, except I told this Mr. King at this hearing.

Q. Had you told anybody about it before you told Mr. King?

A. No, sir.

Q. You must have told somebody about it before you told Mr. King.

A. Oh, Mr. Bernstein and Mrs. DeLucia was asking me about it and said—

Q. Mr. Bernstein and Mr. DeLucia?

A. No, Mr. DeLucia would ask if I would tell about this money to Mr. Bernstein.

Q. When did he ask you that?

A. I don't know. It was sometime after he got his money.

Q. Sometime after he got his money?

A. Yes.

Q. Sometime after you counted it in 1947?

A. Yes.

Q. Well, when was it?

A. Oh, I don't remember when he told me.

Q. You don't remember when he told you that?

1823 A. I don't remember when he told Mr. Bernstein.

Q. When did he ask you to relate the story to Mr. Bernstein?

A. A few days before we had this—

Q. In 1954?

A. Yes.

Q. Well, did Bernstein question you about the story?

A. No, he didn't.

Q. Never asked you about it?

A. He never called me.

Q. Didn't he ever say to you, 'Paul DeLucia was with you when he counted $300,000?' Didn't he ever say that to you?

A. No. Funny thing is, we never discussed it.

Q. 'We,' who?

A. Mr. Bernstein.

Q. Yes.

A. Except when it came up on this hearing. I don't remember whether it was three days or a week before, I said, 'I don't like to'—'I don't like to appear. If you can avoid it, I would appreciate it.'

Q. Now, the hearing you are referring to is the—

1824 A. One before Mr. King.

Q. In November, 1954?

A. That's right. Wait, wait. There was one other time that we talked about the $300,000 with Mr. DeLucia. That was when he was going to appear before the Kefauver Committee.

Q. Who discussed it with him at that time?

A. Well, he was on parole then and we talked about it.

Q. 'We,' who?

A. Mr. DeLucia and I.

Q. Yes.

A. I said, 'Well, you better tell the truth.' I said, 'You better tell them that you have that money.' And I think he did. That was in '48, wasn't it?

Q. No, that would be in 1950, I would think, the Kefauver hearing.

A. Kefauver hearing, 1950—

Q. Did you discuss it with Bernstein at that time?

A. No, I don't think I did. I don't remember discussing it with him.

Q. Did you testify before the Kefauver Committee?

1825 A. No, sir.

Q. Well, did Bernstein ask you to tell him the story?

A. I don't remember whether I told him the story or not. I think Mr. DeLucia told him the story.

Q. You think Mrs. DeLucia told him?

A. No, Mr. I don't remember whether we did or not. We talked about it, but I don't remember just when it was.

Q. How long before your conference with Mr. King did you discuss it with him?

A. Well, we talked, I think it was one or two days before that.

Q. Is that the first conversation you had with him about it?

A. No, we had other conversations, but I don't know when they were.

Q. With Bernstein about the $300,000?

A. Yes.

Q. You don't remember when they were?

A. No.

Q. When was the first time?

A. I don't remember the first time.

1826 Q. You knew that Bernstein was interested in this matter from the standpoint of DeLucia's income tax liability, did you not?

A. No, I didn't know what he wanted to know. I knew afterwards.

1827 Q. After when?

A. After I went to the hearing, that there was some question about his income tax.

Q. Before the hearing you didn't know a thing about it?

A. I knew he was having this, this—that the Government was investigating his income tax.

Q. From whom did you know it?

A. I knew it because I read it in the newspapers and your agents have been in my office asking me about it.

Q. When were the agents in your office asking you about it?

A. Not about the $300,000.00.

Q. Well, about his tax matters?

A. I don't remember now, but they have been there on and off for the past few years.

* * *

1828-1830 * * *

1831 * * * "Q. How does it happen that you didn't tell Mrs. DeLucia about the $300,000.00?

A. Well, he didn't want her to know.

Q. Why?

A. Well, she was sickly and very emotional. And he didn't want her to know.

Q. What money did she have to live on while he was in prison?

A. That I don't know."

1832 By Mr. Barnett: Skip to page 96.

"Q. What was the purpose of you holding the key to the $300,000.00?

A. Well, I don't know. You have to ask him. I don't know what his purpose was. I guess he thought I would take good care of it.

1833 "Q. What kind of care did you take of it?

A. Not a thing. I just put it in that place up there in the attic and completely forgot about it. Once in a while when I went home, I would go by there.

Q. To see if the house was still standing?

You never went in to look at the house, though?

A. No, I was only in Mr. DeLucia's house after he went to jail, three times.

Q. Suppose Mr. DeLucia had died in prison, what were you going to do about the $300,000 then?

A. I would have taken it and thrown it into the probate court.

Q. How would you have gotten it?

A. I would have gotten it out of that hole.

Q. You would have to tell Mrs. DeLucia?

A Yes.

Q. Did Mr. DeLucia swear you to secrecy at that time?

A. No, we didn't have to swear about secrecy.

Q. By that, did he ask you not to tell anybody about it?

1834 A. Why certainly. He said, 'I don't want my wife to know about it. She might divorce me while I'm in jail.'

Q. Because of it? Did he say he didn't want anybody else to know about it?

A. We didn't discuss whether anybody else knew anything about it. I understood that I was the only one that was supposed to know about it. Now whether he told anybody else, I don't know.

Q. Did you understand that you were not supposed to tell anybody else, other than his wife, too?

A. As far as I am concerned.

Q. As I understand this conversation, he told you specifically not to tell his wife?

A. He didn't want his wife and anybody else to know of it.

Q. Did he tell you that?

A. Yes.

Q. Did he tell you, 'I don't want anybody to know about this money?'

A. That's right.

• • •

1835 • • •

1836 • • • Q. What means did you take to protect the $300,000 against fire or robbery or anything else?

A. None at all. Just a chance.

Q. If DeLucia died in jail, you would be the only one that knew about the $300,000?

A. I think so, unless he told somebody else himself.

Q. When was the last time you were in DeLucia's house?

A. You mean this particular house?

Q. Yes. Where was this house, by the way?

A. 812 Lathrop Avenue.

Q. In River Forest?

A. When he sold it, I was there.

Q. When did he sell it?

A. I think he sold it in 1955.

Q. He sold it after you had testified before Mr. King?

A. Yes. Yes, he sold it afterwards.

• • •

1837-1852 • • •

1853 • • • Q. Mr. Bulger, were you interested in a res-
1854 taurant called the Italian Village in the year 1934?

A. I can't answer directly. I can answer this way, that I was president of a corporation that built a village, Italian Village at the Worlds Fair.

Q. And that was in '34?

A. Among the other concessions, among some concessions, a restaurant was in it, that is correct.

1855 Q. Who were the other officers?

A. Mr. Leadora"—

By Mr. Green: According to the record.

"Libonati, he was the secretary; and Alderman William V. Pacelli, I think he was the treasurer; and Mr. Daniel A. Serritella, I think he was the vice president; and I was the president.

Q. And that takes care of all the officers?

A. Yes, sir.

Q. Were all of those officers, including yourself, stockholders?

A. Yes. There was one other stockholder in the corporation, and I think his name was either Ragano or Tigano. I am not sure of that.

Q. Does that take care of all of the stockholders?

A. Yes, sir.

Q. How—did some people who were not stockholders have money invested in the corporation; did they lend money to the corporation, outsiders?

A. Yes, sir; yes, sir.

Q. Do you know who they were?

A. Well, I was one of them, and Mr. Edward O'Hare was another one.

1856 Q. Who was Mr. Edward O'Hare?"

By Mr. Green: I don't think our transcript agrees there.

By Mr. Barnett: I just want the answer to that one question.

By Mr. Green: I don't have that on my transcript, sir.

By Mr. Barnett: This is what I want. Just this answer.

By Mr. Green: Oh, yes, this part. Certainly.

"A. I believe at that time he was—he was either president or had something to do with the race tracks, and dog tracks.

Q. And were you using the name Joseph Imburgio at that time?

A. Yes, sir.

Q. When did you change your name, in 1938, was it?

A. No, in 1935.

Q. Right after this?

A. I think it was a year after the Fair closed.

1857 Q. Did this corporation wind up in bankruptcy after that?

A. Well, it went into bankruptcy in September of 1934."

• • •

1858-1865 • • •

1866 • • • Q. Did you have any discussion with DeLucia about the $300,000 between 1947, when you gave him back the key, and 1950, before he appeared in the Kefauver Committee?

A. No, sir.

Q. Not at all?

A. No, sir.

Q. Did he call you up on the phone and ask you if he could come and see you at your office in connection with this matter in 1950?

A. I don't remember whether he called me or not, Mr. Barnett.

Q. Was the conversation in your office?

A. I think it was; yes, sir.

Q. Now then, when was the next conversation, if any, you had with Paul DeLucia about the $300,000 after September of 1950?

A. You mean after the hearing, before the Kefauver Committee?

Q. Yes, sir.

A. I don't believe I talked to him about it.

1867 Q. Ever again?

A. No, sir.

Q. And you haven't yet, to this day?

A. Oh, yes, I have talked to him about it since; yes, sir.

Q. When was the next time you talked to him about it after September of 1950?

A. He came to me.

Q. When?

A. I don't remember just when it was. It was sometime in '50. When was this hearing, in '54?

Q. Yes, '54.

A. I think it was November, wasn't it?

Q. There were—when you are referring to this hearing, are you referring to the time when you came in to give the statement?

A. Yes.

Q. Yes. That was on November 19, 1954.

A. Yes. It was some time before that, when he came to me, and asked me if I would go over and see Mr. Bernstein, and relate the story that—about this money. And then I went to see Mr. Bernstein.

Q. DeLucia came to you and said, would you go to Bernstein and relate this story about the money?

1868 A. Yes, sir.

Q. Did DeLucia go with you to see Bernstein?

A. No, I don't think he did. I think I went there alone.

Q. And then when did you see DeLucia next again, after that?

A. I don't remember just when it was. It was some time after that.

Q. How long after you went to see Bernstein was it that you appeared and testified before Mr. King?

A. It may have been a week; it may have been two. It may have been, because a few days—I don't recall the exact time.

1869 "Q. Were you aware of the fact that Mr. DeLucia, a Mr. Scott Stewart, Mr. Eugene Bernstein, had had a conference in the Intelligence Division of the Bureau of Internal Revenue in September of 1954?

A. No, sir.

Q. Didn't DeLucia tell you about that?

A. No, sir. He didn't mention it to me. I don't recall him ever telling me.

Q. Did Bernstein tell you about it?

A. No, sir, I don't believe he did, either.

Q. So, at any rate, a short period before November 19, 1954, you went to Bernstein to his office, did you?

A. Yes, sir.

Q. And you related to him the story about the $300,000?

A. Yes, sir.

Q. Was there anybody else present?

A. No, sir.

Q. And then when you left Bernstein, what arrangements did you have with him to meet him again?

A. Well, then I think he asked me to go over to the Internal Revenue Bureau.

1870 Q. They, who?

A. Mr. Bernstein and Mr. DeLucia.

Q. Did you see DeLucia again?

A. I saw him just before we went over to the hearing, yes.

Q. On the day of the hearing?

A. No. I think it was the day before the hearing.

Q. Tell us about that; where did you meet?

A. He asked me—first, I didn't want to go. I told him that I didn't want to get mixed up in this thing anymore.

Q. Wait a minute now. DeLucia called you and asked you to go and relate the matter to Mr. Bernstein and you did that?

A. Yes.

Q. Did you have any arrangement to meet with Bernstein again after you left his office on that occasion?

A. No.

Q. Then how did you get together again; did you receive a phone call or bump into somebody, or how?

A. I think Mr. DeLucia came to my office after the conference, that I had with Mr. Bernstein. I told
1871 him that I did not want to go unless it was necessary.

Q. I see.

A. And I said, if it is necessary, if I must go, I will go, but if it isn't necessary, please don't let me go.

Q. This is all on the occasion when you related the matter to Bernstein?

A. Yes.

Q. He told you he wanted you to go into the Bureau?

A. No. He didn't say that. He thought I ought to relate that story to the Internal Revenue Bureau.

Q. And you said, 'I would like to get out of it,' if you can?

A. Yes.

Q. You left Bernstein?

A. Yes.

Q. Next thing you saw DeLucia in your office?

A. Yes, sir.

Q. That was the day before you went to the Bureau?

A. Yes, sir.

Q. That would then be November 18, 1954?

A. It would be about that time.

Q. Well, the appearance was on November 19.

1872 A. Well, it would be about the day before, yes, sir.

Q. And who came to your office with DeLucia, if anybody?

A. Nobody, just DeLucia.

Q. Was it in the morning or afternoon?

A. I think it was in the afternoon.

Q. What was the conversation?

A. Well, he said that he thought that they would have to use my testimony there. He would appreciate it if I would go over there.

Q. What did you say?

A. I said, all right, then I will call Mr. Bernstein, and see what he says. Then I called Mr. Bernstein.

Q. While DeLucia was present?

A. I don't remember whether he was there or not. But I did call Mr. Bernstein, either that day or the next morning, and I told him that if it was necessary for me to go over there, that I would go. And he said, 'Well, all right.'

So, we went over there.

1873 Q. Hadn't Mr. Bernstein already made an appointment to appear there?

A. I think he had an appointment; yes, sir.

* * *

1874 * * *

1875 * * * MATTHEW E. SZWED, recalled as a witness on behalf of the Government, having been previously duly sworn and examined, testified further as follows:

Direct Examination by Mr. Barnett.

* * *

1876-1877 * * *

1878 * * * Q. Now, when you were on the stand last, there was one item I neglected to cover with you. Did you search the records of the District Director of Internal Revenue to find whether a return had been filed in the name of Nancy DeLucia for the calendar year 1934?

A. Yes, I did, sir.

Q. Was there any such record?

A. No record, sir.

* * *

1879-1884 * * *

1885 * * * LAWRENCE J. MILLER, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

* * *

1886-1889 * * *

1890 * * * By Mr. Stewart: Your Honor, I have glanced through these exhibits and I have been furnished a copy. Exhibit 214 consists of some grand jury testimony taken on November 20, 1947.

1891 Exhibit No. 215 is a transcript of DeLucia's testimony on January 13, 1948.

Exhibit 216 is a certified copy of the Kefauver Committee hearings.

Now I will say to the Court that in the limited time I have noted Mr. Barnett's markings, and I didn't take time to read the rest. It seems to be along the line that Mr. Barnett is pursuing and your Honor has overruled the objection. We make the same objection, that it is immaterial.

I haven't had time to read the Kefauver hearing where he has it marked, but I would like to have this understanding. Mr. Barnett might go ahead now, and then I will have these things and later on if we want to supply something which might explain, we might do it later during the Government's case.

By the Court: I will give you the opportunity.

1892 By Mr. Barnett: We will be very happy to handle it that way, your Honor.

1893 By the Court: All right.

By Mr. Barnett: I am proceeding, your Honor, to read from a copy of Government Exhibit No. 214, which is a transcript of proceedings before a Federal Grand Jury on November 29, 1947 in this building.

"PAUL De LUCIA, was thereupon called as a witness by the Grand Jury and, having been first duly sworn, was examined and testified as follows:

"Examination."

By Mr. Barnett: This examination was by Mr. Miller. I will recite the questions to Mr. Miller, and Mr. Miller, who is now on the stand, will give the answers which were given by Paul DeLucia.

By the Court: I am not sure that I want the witness to take part in the reading of testimony. I would rather have somebody else.

By Mr. Stewart: We have a better actor here, your Honor, Mr. Green.

By the Court: He is an expert. I don't want to
1894 affect credibility one way or the other, and I don't think it is proper for a witness to take part in the skit.

By Mr. Barnett: Mr. Green has a basso profundo voice anyway.

Mr. Miller then is excused.

By the Court: Thank you very much.

(Witness excused.)

By the Court: You couldn't give a witness an "Oscar," could you?

By Mr. Barnett: Do you have what has been marked before you, Mr. Green?

By Mr. Green: I have a marked one, yes.

By Mr. Barnett: Now I will ask the questions which were asked by Mr. Miller, and Mr. Green will give the responses of Mr. DeLucia.

* * *

1895-1913 * * *

1914 RICHARD L. O'HANLON, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

• • •

1915-1916 • • •

1917 • • • By Mr. Barnett:

Q. Mr. O'Hanlon, I hand you what has been marked Government's Exhibit No. 217 for identification and ask you if that is a true and correct copy of the transcript of proceedings that occurred on that date.

A. It is.

Q. Were the questions asked put by you on that date?

A. They were.

Q. And by whom were the answers given?

A. By Mr. DeLucia.

Q. By who?

1918 A. Mr. DeLucia.

By Mr. Barnett: Your Honor, I will offer Government's Exhibit No. 217. I would like permission to read it to the jury.

By Mr. Green: The same objection with respect to the defendant Bulger.

By the Court: The same ruling.

By Mr. Stewart: It is along the same line as the grand jury testimony.

By the Court: The same ruling. It may be received in evidence.

(Said document, so offered and received in evidence, was marked Government's Exhibit 217.)

1919-1921 • • •

1922 • • • Q. Have you filed with the Collector of Internal Revenue Donee's or Trustee's Information Return of Gifts, Form 710?

A. No."

By Mr. Barnett: I propose to stop here, Mr. Stewart, unless you care to finish.

By Mr. Stewart: You might as well read it all.

1923 By Mr. Stewart: You might as well read it all.

By Mr. Barnett: All right.

"Q. Section 86.21, Regulations 108, relating to gift taxes under the Internal Revenue Code, states that an information return or notice on Form 710 must be filed by every donee of a gift in excess of $3,000.00 on or before the 15th day of March following the close of the calendar year in which the transfer was made. What is the reason for your not filing with the Collector of Internal Revenue Form 710 reporting the receipt of the money delivered to Mr. Bernstein for you; as gifts?

A. First of all I think I was still in jail; and second, I didn't consider it as a gift. I figured that some day I would have to pay it.

• • •

1924-1933 • • •

1934 By Mr. Barnett: Now we are at the point of Mr. Kefauver's hearing, your Honor. I have here a certified and exemplified copy of the hearings before the Special Committee to Investigate Organized Crime in Interstate Commerce, United States Senate, 81st Congress, Second Session, and 82nd Congress, First Session.

This is Part 5 of the hearings conducted in Illinois on September 9; October 5, 6, 7, 17, 18, 19; December 18, 19, 20, 1950; January 5, 19, 1951.

This book has been marked Government Exhibit 216.

Your Honor, we offer in evidence certain portions of Mr. DeLucia's testimony before that Committee, which I would like permission to read now with Mr. Green.

• • •

1935 • • • Reading from the facing page, your Honor:

"Investigation of Organized Crime in Interstate Commerce.

"Saturday, September 9, 1950.

"United States Senate, Special Committee to Investigate Organized Crime in Interstate Commerce, Washington D.C.

"Executive Session.

"The Committee met, pursuant to call of the Chairman, at 10:00 a.m. in Room 457, Senate Office Building,
1936 Senator Estes Kefauver (Chairman) presiding.

"Present: Senators Kefauver, Wiley, and Hunt.

"Also Present: Rudolph Halley, Chief Counsel, and George Robinson, Associate Counsel."

I will take the parts of the questioners and Mr. Green will answer for Mr. DeLucia.

"The Chairman: The Committee will come to order.

"Do you solemnly swear that the testimony you are about to give this Committee will be the truth, the whole truth, and nothing but the truth, so help you God?"

And Mr. DeLucia answers—"

By Mr. Green: I don't know what page you are on.

By Mr. Barnett: I am on the very first page.

By Mr. Green: Oh, yes.

"'Mr. DeLucia. Paul DeLucia."

By Mr. Barnett: I will read this. Mr. DeLucia answers: "'I do."

1937 "The Chairman: All right, Mr. Robinson, will you proceed?"

By Mr. Barnett: Then we commence:

"Testimony of Paul DeLucia, alias Ricca, River Forest, Illinois."

Do you find that?

By Mr. Green: Yes, I have that now.

"Mr. Robinson. Will you state your full name, please?

"'Mr. DeLucia. Paul DeLucia.

1938 "Mr. Robinson. Are you known by any other name?

Mr. DeLucia. Yes.

Mr. Robinson. What are the other names?

Mr. DeLucia. Ricca and Salvi.

Mr. Robinson. What is your present address?

Mr. DeLucia. River Forest, Illinois.

The Chairman. How many different names did you use?

Mr. DeLucia. I don't know. Any place I go I mention any name that comes to my mind.

Mr. Robinson. You were served with a subpoena on the 5th day of September to appear before the committee and produce certain records; is that correct?

Mr. DeLucia. Yes, sir.

Mr. Robinson. Do you have those records with you?

Mr. DeLucia. Yes, sir.

* * *

1939 * * * Mr. DeLucia. May I explain something? The subpoena was to bring the records for ten years. I only got the records from 1947. That is the day I came out from the penitentiary. Before that I was three years and eight months in the penitentiary, and during that time there was a tax settlement, so all the records I don't have any more. I can only give you the records since I came out.

Mr. Robinson. When did you go to the penitentiary?

Mr. DeLucia. 1944—the last day of 1943.

Mr. Robinson. When did you come out?

Mr. DeLucia. 1947.

Mr. Robinson. I understand these records which you are producing are only from the time that you came out of the penitentiary.

Mr. DeLucia. Yes; that is all I have.

Mr. Robinson. You have no records from 1940 until the time that you went into the penitentiary?

Mr. DeLucia. No; I filed my income tax regularly but I haven't got them.

Mr. Robinson. You have no cancelled checks for 1940 that period?

Mr. DeLucia. No; that is all gone.

Mr. Robinson. Did you have any cancelled checks?

Mr. De Lucia. Oh, sure.

Mr. Robinson. Where are they?

Mr. De Lucia. I don't know. When I come out, I was told by my lawyer that the old records were no good any more and they were all settled and I could do what I want.

Senator Wiley. Who told you that?

Mr. De Lucia. My lawyer.

Senator Wiley. Who is your lawyer?

Mr. De Lucia. Bernstein. The tax man told me the records were no good any more so I just got rid of them.

Senator Wiley. Give me the name of that lawyer.

Mr. De Lucia. Bernstein, Eugene Bernstein. He is a tax man. He is the fellow who took my income tax case with the Government.

Senator Wiley. Was he a Government man?

Mr. De Lucia. No; he was my lawyer.

Senator Wiley. Chicago?

Mr. De Lucia. Yes. I got those records from him when I came out.

Senator Wiley. Did you have any Kansas City lawyer?

1941 Mr. De Lucia. No.

Senator Wiley. No?

Mr. De Lucia. No.

Mr. Robinson. Did you destroy the records or did Mr. Bernstein?

Mr. De Lucia. I did. I got a room and got rid of them.

Mr. Robinson. When did you destroy them?

Mr. De Lucia. Shortly after I come out. Shortly after he gave them to me.

Mr. Robinson. Shortly after you came out?

Mr. De Lucia. Shortly after he give them to me.

Mr. Robinson. Can you fix the approximate time when you did destroy them, what year?

Mr. De Lucia. I think 1947, the latter part of 1947.

Mr. Robinson. You destroyed the records that you had from 1940 up until the time that you went to the penitentiary in 1947; is that right?

Mr. De Lucia. No. Let me explain this. Mr. Bernstein told me that my income tax case was cleared up to 1943. All my tax with the Government was settled up to 1943. That was the year I went to jail. After that I was three years and eight months in jail, and of course I had
1942 nothing to show, so when he gave me the records, he said, 'You can do as you want with the records, the records are worthless, the tax is settled,' and that is all.

Mr. Robinson. Did Mr. Bernstein tell you to destroy them?

Mr. De Lucia. No; he told me they are useless and do what you want.

Mr. Robinson. Let us get it clear. During the time from 1940 to the time you went to the penitentiary, was Mr. Bernstein preparing your income tax returns?

Mr. De Lucia. No; not from 1940.

Mr. Robinson. I am saying from 1940 until the time you went into the penitentiary.

Mr. De Lucia. No. He got my case when I was in jail.

Mr. Robinson. Who prepared your tax returns from 1940 to the time you went to jail?

Mr. De Lucia. Myself.

Mr. Robinson. You prepared them yourself?

Mr. De Lucia. Yes, sir.

Mr. Robinson. And you have no cancelled checks, no books showing receipts and expenditures for the period from 1940 until the time you went into the peni-
1943 tentiary?

Mr. De Lucia. Yes; that is right.

Mr. Robinson. You destroyed all of them?

Mr. De Lucia. Yes, sir.

1944 Mr. Robinson. Did you keep such books?

Mr. De Lucia. Yes, with the Northern Trust. I had a check book with Northern Trust. You know those records. After all, them days there was nothing for me to keep.

Mr. Robinson. Did you have a bank account at that time?

Mr. De Lucia. Yes; with the Northern Trust.

Mr. Robinson. Did you have bank statements?

Mr. De Lucia. Yes.

Mr. Robinson. Did you destroy all the bank statements?

Mr. De Lucia. Yes. The Northern Trust.

Mr. Robinson. Did you destroy all the copies of your tax returns for that period?

Mr. De Lucia. Whatever I got from him, I destroyed. It was all that he had. He had all the stuff to prepare my case with the Tax Court. So I got those records back and he said, 'Do what you want,' and I destroyed them.

Mr. Robinson. During that time that you were in the penitentiary, did somebody operate your business
1945 for you?

Mr. De Lucia. Yes.

Mr. Robinson. Who?

Mr. De Lucia. They did not operate it. I rent my farm to Francis Corri, and I got $7.00 an acre rent. That was filed.

Mr. Robinson. Who kept the books for you while you were in the penitentiary?

Mr. De Lucia. Bernstein.

Mr. Robinson. Where are the books that were kept at the time you were in the penitentiary?

Mr. De Lucia. Them three years went together with all the stuff he gave me. Naturally I got rid of all that.

Mr. Robinson. You destroyed all that at the time you came out of the penitentiary?

Mr. De Lucia. Yes; from the time I come out, there it is (indicating).

Mr. Robinson. Now, when Mr. Bernstein was preparing your tax returns, what information did you submit to him as the basis for preparing the returns?

Mr. De Lucia. It was very easy. The rent I was getting from the farm was so much. I think it was 1946 about six or seven thousand dollars a year.

The Chairman. How did you destroy the records? Did you throw them away or burn them?

Mr. De Lucia. I burned them. They were useless. I didn't know this was going to come up.

The Chairman. Did you burn them?

Mr. De Lucia. Yes; I burned them.

Mr. Robinson. Would you take these records and describe what each one is?

Mr. De Lucia. This is the book where all the people work, their security number, and all that.

The Chairman. Will you identify them as we go along for the record, so we can put them in as exhibits?

Mr. Robinson. Yes.

Mr. De Lucia. These are my income tax.

* * *

1947-1948 * * *

1949 Mr. Robinson. Do you have any books or records showing interest held in any property or any business other than the ones you have submitted?

Mr. De Lucia. No. I own no interests. I only own about 170 shares or 180 shares of Bank of America. I think that is in there, too. Those shares turn dividends, and that is coming in, and I turn that in. Anyway I have about 170 or 180 shares of Bank of America stock. That book does not show my house at River Forest and my house at Long Beach.

Mr. Robinson. You receive income from those properties?

Mr. De Lucia. No, sir.

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1950-1957 • • •

1958 • • • Senator Wiley. How about cash? How much cash do you have?

Mr. De Lucia. How much cash I got. Do I have to tell you that, sir?

Mr. Halley: Yes.

Mr. De Lucia. I don't know. I think I got about close to $40,000.00.

Senator Wiley. In cash?

Mr. De Lucia. Yes.

Senator Wiley. Do you have any safety deposit boxes?

Mr. De Lucia. No; I got it in the room or some other place.

Senator Wiley. Where is it?

Mr. De Lucia. If I tell you, you can't get it out of there anyway.

1959 The Chairman. This is an executive session.

Mr. De Lucia. Do I have to tell it?

The Chairman. You have to tell it.

Mr. De Lucia. I got it home.

Senator Wiley. Do you have any safety deposit boxes in any banks?

Mr. De Lucia. Yes.

Senator Wiley. What bank?

Mr. De Lucia. First National Bank.

Senator Wiley. Any other bank?

Mr. De Lucia. No, sir.

Senator Wiley. First National Bank of Chicago?

Mr. De Lucia. Yes.

Mr. Halley. What do you keep in your safety deposit box?

Mr. De Lucia. All the documents and stuff.

Mr. Halley. Ahy cash?

Mr. De Lucia. I keep money there, too.

Mr. Halley. Do you have cash in there now, too?

Mr. De Lucia. Not now.

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1960 • • • Senator Wiley. Does your wife have any stock in her name?

Mr. De Lucia. No.

Senator Wiley. Any property?

Mr. De Lucia. The house at River Forest and the house at Long Beach is in her name and the farm is in my name and her name.

1961 Senator Wiley. Does she have a safety deposit box?

Mr. De Lucia. No; we have a joint deposit box.

Senator Wiley. Have you given to her any other property except what you mentioned?

Mr. De Lucia. No, sir.

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1962-1963 • • •

1964 • • • Chicago, Illinois,
Thursday, May 22, 1958,
2:00 o'clock p.m.

Court convened pursuant to recess.

• • •

1965 • • • By Mr. Green: That was page 10, wasn't it?

By Mr. Barnett: That is my recollection.

Starting with the very first question on page 10:

"Senator Wiley: How much are the premiums on your life insurance?

Mr. De Lucia. With the Northwest Wisconsin.

Senator Wiley. That is a good company.

Mr. De Lucia. I think I pay about $700.00 or $800.00 a year. It is a $20,000.00 policy. There are different ones —five, five and ten.

* * *

1966 * * * Senator Wiley. You had some money when you went to the penitentiary?

Mr. De Lucia. Yes.

Senator Wiley. How much did you have when you went to the penitentiary?

1967 Mr. De Lucia. $300,000.

Senator Wiley. Who paid the fine?

Mr. De Lucia. I don't know.

1968 Senator Wiley. There was $10,000 paid?

Mr. De Lucia. Yes, sir.

Senator Wiley. You never found out who paid it?

Mr. De Lucia. No, sir.

Senator Wiley. You have no suspicion?

Mr. De Lucia. No.

Senator Wiley. Who was your attorney in your parole case?

Mr. De Lucia. What do you mean?

Senator Wiley. When you came out of prison, you were paroled?

Mr. De Lucia. Yes.

Senator Wiley. You are out on parole now?

Mr. De Lucia. Yes.

Senator Wiley. You were not pardoned?

Mr. De Lucia. That is right.

Senator Wiley. Who was your attorney?

Mr. De Lucia. That story is well known. It is Mr. Dillon.

Senator Wiley. How much did you pay him?

Mr. De Lucia. After I came out, we paid him $10,000. Campagna paid him $5,000 and I paid $5,000.

Senator Wiley. And when you went in, you had
1969 $300,000 in cash?

Mr. De Lucia. Yes.

Senator Wiley. Where was that stored?

Mr. De Lucia. I put it away some place.

Senator Wiley. Where?

Mr. De Lucia. In my house.

Senator Wiley. Do you have special vaults in your house?

Mr. De Lucia. No.

Senator Wiley. How did you accumulate the $300,000?

Mr. De Lucia. Gambling.

Senator Wiley. Was it involved in relation to pressure put on the moving picture concerns?

Mr. De Lucia. No, I never got anything from the movie picture but jobs.

Senator Wiley. What kind of gambling was it?

Mr. De Lucia. Horses, dice, and all that.

Mr. Robinson. How much have you have in cash in your home at any one time?

Mr. De Lucia. Well, the most I had was $300,000.

Mr. Robinson. When did you have that, at the time you went into the penitentiary?

Mr. De Lucia. I had that mixed up. You see, I had some in the box and some at home. When I went
1970 away, I took it out of the box and I put it away.

Mr. Robinson. How much have you had in the safe deposit box in cash at any one time?

Mr. De Lucia. Oh, I had $100,000 sometimes.

Mr. Robinson. Never had any more than that?

Mr. De Lucia. Oh, maybe more. I don't recall those things. That's a long time ago.

1971 Mr. Robinson. How long ago?

Mr. De Lucia. That is around 1940 or 1941, something like that.

Mr. Robinson. Did you have a safe-deposit box during the 1930's?

Mr. De Lucia. I don't remember now how long I got the box. I think I had it before, around 1938 or 1939, something like that.

Mr. Robinson. Did you know Mr. Dillon before you went into the penitentiary?

Mr. De Lucia: No.

Mr. Robinson. Do you know how he was retained?

Mr. De Lucia. Well, I understand Mrs. Campagna knowed somebody in St. Louis and she made the connection and Mr. Dillon went for us. That story is well known.

Mr. Robinson. You had nothing to do with it yourself?

Mr. De Lucia. No, sir; I paid him after I got out. I paid my share of $5,000.

Mr. Robinson. Do you have any interest in any other business since you came out of the penitentiary?"

1972 By Mr. Green: Excuse me. I don't think our copy agrees.

By Mr. Barnett: Oh, I should continue reading this.

"Mr. Halley: Does anybody owe you any money today?

Mr. De Lucia. Yes; the farmer owes me $5,000.

Mr. Halley. Does anybody owe you sums in excess of $10,000?

Mr. De Lucia. No.

Mr. Halley. Nobody whatsoever?

Mr. De Lucia. No.

Senator Wiley. What did you mean by saying that story is well known, referring to Dillon?

Mr. De Lucia. It was investigated by the house committee, and all that.

Senator Wiley. Do you know the facts?

Mr. De Lucia. That is all I know.

Mr. Robinson. Do you have any interest in any other business since you came out of the penitentiary?

Mr. De Lucia. No, sir.

Mr. Robinson. And you have listed all the stock and all the property that you had.

Mr. De Lucia. That is right.

Mr. Robinson. What interest did you have prior to the time that you went to the penitentiary in busi-
1973 ness?

Mr. De Lucia. No interest whatsoever.

1974 Mr. Robinson. Did you ever have any interest in any gambling establishments in Chicago?

Mr. De Lucia. No, sir.

Mr. Robinson. Never at any time?

Mr. De Lucia. No, sir.

Mr. Robinson. Did you ever receive any revenue or any income from any gambling establishments?

Mr. De Lucia. No, sir.

Mr. Robinson. You mentioned that you received some money from gambling.

Mr. De Lucia. Yes, sir; my own gambling.

Mr. Robinson. How did you receive that?

Mr. DeLucia. I have done my own gambling."

By Mr. Barnett: We go to the top of page 13:

"Mr. Robinson. Were you a betting commissioner?

Mr. De Lucia. No; I was betting for myself.

Mr. Robinson. Where did you place the bets?

Mr. De Lucia. With myself.

Mr. Robinson. Did you handle bets for anyone else?

Mr. De Lucia. Why, sure. No; what do you mean by anyone else? You mean they bet with me? Yes.

1975 Mr. Robinson. How large a sum would you handle in gambling over a space of a year?

Mr. De Lucia. That I wouldn't be able to tell you. Them days are gone. I just can't remember.

Mr. Robinson. Would it be $2,000 or $100,000 or $50,000 or what?

Mr. De Lucia. You mean in a year?

Mr. Robinson. In a year's time.

Mr. De Lucia. Gee, I don't know. I suppose sometimes I would make $100,000 a year or something like that, sometimes less.

Senator Wiley. You would make that much clear?

Mr. De Lucia. Sure.

1976 Mr. Robinson. How much would you handle?

Mr. De Lucia. I wouldn't know. That is a thing that I don't recall.

The Chairman. A million dollars or two million?

Mr. De Lucia. No, not a million dollars. I don't know. I just lost all track of that stuff. After all, I haven't bothered for the last seven or eight years with that stuff.

Mr. Robinson. Would you handle three or four hundred thousand dollars during the course of a year?

Mr. De Lucia. Between losing and winning, because you lose, too, you have to think of that.

Mr. Robinson. That is right.

Mr. De Lucia. I don't know.

The Chairman. It goes without saying that if you made $100,000—

Mr. De Lucia. The way I used to do it, I put the money away, and at the end of the year when I win, I win. That is all.

Mr. Robinson. Did you receive any other income from anything else except from gambling?

Mr. De Lucia. No; that is all I made my money.

Mr. Robinson. Did you ever have any interest in
1977 the liquor business?

Mr. De Lucia. No, sir.

Mr. Robinson. In the beer business?

Mr. De Lucia. No, sir.

Mr. Robinson. At no time did you ever have any interest or receive any income from the sale of liquor or the manufacture of liquor?

Mr. De Lucia. No, sir.

Mr. Robinson. When did you first come to Chicago?

Mr. De Lucia. 1920.

Mr. Robinson. What were you doing at that time in Chicago?

Mr. De Lucia. I was working with the Dandy Theater. There was an Italian theater in the street, and I was working there.

Mr. Robinson. Were you a waiter there?

Mr. De Lucia. No, that was a theater, Italian theater. Then I went to work at the Belanapoli Restaurant. That is an Italian restaurant.

Mr. Robinson. You were a waiter there.

Mr. De Lucia. No, I was day manager there.

Mr. Robinson. Where did you work after that?

Mr. De Lucia. After that I started to make friends and I started to get in the gambling business."

* * *

1978-1984 * * *

1985 * * * Mr. Halley. Is it your position that you were not guilty in the extortion case?

Mr. De Lucia. Yes.

Mr. Halley. You never tried to extort money from anybody?

Mr. De Lucia. No, sir."

By Mr. Barnett: Turn to page 24, near the bottom. Mr. Robinson asked:

"Mr. Robinson: What was Curry's business?

Mr. De Lucia. What?

Mr. Robinson. James Curry; what business was he in?

Mr. DeLucia. Curry is a land owner. He had a farm.

Mr. Robinson. What else do you know about him? What other business was he in? Was he in the gambling business?

Mr. De Lucia. No.

1986 Mr. Robinson. What did he do after he left your place?

Mr. De Lucia. I don't know. I didn't see him anymore. I was told not to see him anymore.

Mr. Robinson. Who told you that?

Mr. De Lucia. Oh, my parole man told me. You see, when I came out, my lease with him expired in March, the next March, you see. So he said to come there and get his stuff, and he was around, and I was told that I shouldn't have anything to do with him.

Mr. Robinson. Didn't you know that he went into the gambling business?

Mr. De Lucia. No; I never saw him anymore.

Mr. Robinson. You mentioned a house at Miami Beach. When did you acquire that?

Mr. De Lucia. I didn't buy a house at Miami Beach. I rented it, for a year.

Mr. Robinson. Oh, you rented it?

Mr. De Lucia. Yes.

Mr. Robinson. Did you receive visits in prison from Bernstein?

Mr. De Lucia. Yes.

Mr. Robinson. Did he appear alone the first time 1987 he visited you?

Mr. De Lucia. Yes.

Mr. Robinson. Did you talk to him?

Mr. De Lucia. No; I didn't talk to him.

Mr. Robinson. You didn't talk to him?

Mr. De Lucia. No.

Mr. Robinson. Did he appear again with Accardo?

Mr. De Lucia. That was the reason why Accardo came; one of the reasons.

Mr. Robinson. You didn't talk to Bernstein until Accardo came?

Mr. De Lucia. Yes.

Mr. Robinson. Why was that?

Mr. De Lucia. Because I didn't know Bernstein and I wasn't going to talk over any tax matter with him unless I found out what was the trouble. I didn't know there was any trouble anyway.

So he came over and said things were kind of upset, and all that. He was a good tax lawyer, and I talked to him.

Mr. Robinson. Had you retained Bernstein?

Mr. De Lucia. Yes.

Mr. Robinson. How did you retain Bernstein?

Mr. De Lucia. My Mrs. retained Bernstein.

1988 Mr. Robinson. Who?

Mr. De Lucia. My wife.

Mr. Robinson. And asked Bernstein to go to see you in prison?

Mr. De Lucia. Yes.

Mr. Robinson. And you refused to talk to him?

Mr. De Lucia. Yes.

Mr. Robinson. Where were you, in prison?

Mr. De Lucia. In Leavenworth.

Senator Wiley. Were you at any other prison before that?

Mr. De Lucia. Yes, in Atlanta.

Mr. Robinson. Why did you tell Bernstein you wouldn't talk to him?

Mr. De Lucia. I didn't want to talk to nobody about my tax. I was in jail, and I figured I don't care what happens.

1989 Mr. Robinson. Did you tell him to see Accardo?

Mr. De Lucia. No, no. He naturally went back. He figured he would get somebody and talk to Paul and make me understand the seriousness of the affair, and that was all.

Mr. Robinson. That is the reason Accardo came?

Mr. De Lucia. Yes.

Mr. Robinson. You didn't tell him to bring Accardo down to vouch for him?

Mr. De Lucia. No.

Mr. Robinson. You did have some income tax difficulty at one time?

Mr. De Lucia. Yes.

* * *

1990-1993 * * *

1994 * * * Senator Wiley. And you are saying to this Committee that in the case of the fine you do not know who paid your fine?

Mr. De Lucia. I know who paid the fine. The fine was $10,000. It was paid in New York.

1995 Senator Wiley. $110,000?

Mr. De Lucia. No, $10,000. That is a different story. The fine was paid in New York.

Senator Wiley. How much was that?

Mr. De Lucia. $10,000. But the other stuff is the income tax.

Senator Wiley. Who paid that?

Mr. De Lucia. That fine Bulger took care of when we left some money with him, you see. He was the lawyer on the trial.

The Chairman. Who was that that paid at the trial?

Mr. De Lucia. Bulger.

The Chairman. That same man who was president of the Italian-American League?

Mr. De Lucia. Yes. But we gave him the money.

Senator Wiley. That was the time you had ten years, and you had to pay the $10,000 fine?

Mr. De Lucia. Yes. The tax settlement is different.

• • •

1996 • • •

1997 • • • Mr. Robinson. Isn't it true that Accardo took care of your interests while you were in prison?

Mr. De Lucia. No, no.

Mr. Robinson. Isn't it true that you asked him to look out for your interests while you were in prison?

Mr. De Lucia. No, sir.

Mr. Robinson. Generally speaking; I don't mean to run the place.

Mr. De Lucia. No, sir.

Mr. Robinson. Why did Accardo come to visit you in prison?

Mr. De Lucia. He was a friend of mine. He was my neighbor, and he came. And it was a friendly act. That is all.

Mr. Robinson. Didn't he tell you at the time that it was all right for you to talk to Bernstein?

Mr. De Lucia. Yes, he advised me to talk to Bernstein, or else things were going to be bad, and they
1998 were going to charge me a lot of money, and that way the thing could be settled."

• • •

1999-2000 • • •

2001 • • • "Mr. Halley. I have been looking at your income tax returns, Mr. DeLucia. I gather that in
1949 you lost money on your farm. Is that right?

Mr. De Lucia. Why, sure. I lost money every year.

Mr. Halley. And the farm is the only business you have?

Mr. De Lucia. Yes.

Mr. Halley. Is that correct?

Mr. De Lucia. Yes.

Mr. Halley. Have you put up that farm for sale?

Mr. De Lucia. No, I don't want to put up that
2002 farm for sale unless I have to. You see, I inquired around, but the farm is too big to sell. It would be five or six hundred thousand dollars. I will tell you this much. If next year—with all this improvement, now, I think I should start to make money now, you see. But if I don't, I will split the farm up and try to sell it.

Mr. Halley. The fact is that up to this time you have had no income from the farm?

Mr. De Lucia. Well, I have spent money on improvements, you see.

Mr. Halley. You have spent more than you have made?

Mr. De Lucia. I built a barn there, and all that.

Mr. Halley. And you still have a large house in River Forest; isn't that right?

Mr. De Lucia. Yes.

Mr. Halley. What did you pay for that house?

Mr. De Lucia. $25,000.

Mr. Halley. What would you say its value is today?

Mr. De Lucia. Oh, about $100,000.

Mr. Halley. And you have another country place;
2003 is that right?

Mr. De Lucia. Yes; in Long Beach.

Mr. Halley. And what would you say your annual living expenses are, with all these expensive homes you maintain?

Mr. De Lucia. About a couple of thousand dollars a month.

2004 "Mr. Halley. 'About a couple of thousand dollars a month.' You are not beginning to wory about the fact that your assets are going down, are you?

Mr. De Lucia. I am. I tried to sell my house on Long Beach, and I couldn't sell it, and I think next year, if I can't make it up, I will sell my farm.

Mr. Halley. But you haven't begun economizing at all, have you?

Mr. De Lucia. I will. I will start to do the best I can from now on, on that. I won't have to economize anymore, because there won't be much expense at the farm. I have those bulldozers, and I can make 30 or 40 thousands dollars a year at the farm.

Mr. Halley. You made $42,000 last year, didn't you?

Mr. De Lucia. Yes. And everything is built now.

Mr. Halley. You can't take off what you built on your depreciation. You were spending capital, weren't you?

Mr. De Lucia. Yes.

Mr. Halley. Now your capital is down to about 2005 $40,000 in cash?

Mr. De Lucia. Yes.

Mr. Halley. And you say you have about $11,000 in stock?

Mr. De Lucia. Yes.

Mr. Halley. And how much in the bank?

Mr. De Lucia. Oh, about $1,000 in the bank.

Mr. Halley. A thousand dollars in the bank?

Mr. De Lucia. Or something like that.

Mr. Halley. What is troubling me is that you are not acting like a man who is down to your last $50,000. I notice by your books that you bought a Cadillac last month.

Mr. De Lucia. If you see the books, you will notice I sold my other Cadillac.

Mr. Halley. And you paid something over $4,000 for a new one.

Mr. De Lucia. You see, a car lasts me about three years, three or four years.

Mr. Halley. Who drives your car?

Mr. De Lucia. Myself.

Mr. Halley. How many people do you have on your payroll at the farm?

Mr. De Lucia. Over there you have them all.

2006 Mr. Halley. What is your recollection?

Mr. De Lucia. Well, in the wintertime you can get along with three or four. In the summertime, during the hay season and during the summer generally, five or six, just for a few days or for a few weeks.

Senator Wiley. I might say for the record here, that his 1950 statement shows assets of $390,000 and he has here notes payable of $625, mortgage payable of $10,000, loan payable, mortgage, Long Beach property, $40,000, and mortgage payable, Prudential Insurance Co. of America, $84,000. That seems to be all that you owe, there, I take it. And it is interesting to note that he lists his land at $18,000. He built a new barn for $81,000.

What year did you build this barn?

Mr. De Lucia. 1948, I think.

2007 Senator Wiley. You built an $81,000 barn in 1948. Was that the time you took the mortgage in the Prudential Co.?

Mr. De Lucia. No; that was when I bought that—.

Senator Wiley. When you got tractors, wagons, implements, machinery, for $44,000?

Mr. De Lucia. You see that is a big farm, Senator. It takes a lot of equipment, and all that."

By Mr. Barnett: Page 35.

"Mr. Robinson. What was your income from 1940 to 1943? Can you recall?

Mr. De Lucia. Oh, very small. You mean, 1940 to 1943?

Mr. Robinson. That is right.

Mr. De Lucia. Oh, I thought you meant 1943 to 1947. I would say about $300,000.

Mr. Robinson. That was your net income?

Mr. De Lucia. No.

Mr. Robinson. What was your net income? Can you recall approximately what your net income was, from 1940 to 1943, annually?

Mr. De Lucia. I don't recall that. It is all a matter of fact. You can see it.

2008-2012 • • •

2013 • • • Senator Wiley. Did you make any substantial loan from anybody?

Mr. De Lucia. Oh, yes.

Senator Wiley. Who?

Mr. De Lucia. I have a mortgage on the farm, on the farm and on the house.

Senator Wiley. You borrowed that money, then, too?

Mr. De Lucia. I borrowed it, yes.

Senator Wiley. Well, if you had the $300,000, why did you borrow that money?

Mr. De Lucia. Because, Senator, I have a long time to go. I have three more years to go on parole. And at the rate I am going, I have to come out sometime and borrow money. So I might as well prepare myself.

Senator Wiley. What I am trying to find out is this.

If you borrowed that money, it could easily be
2014 ascertained when that was instituted. That $84,000
is one. That is the large one. And $40,000 is the other. If you borrowed that since 1947, you came out in '47 with $300,000 in cash. Just why would anybody want to borrow all this money, if you had the money on hand?

Mr. De Lucia. Because I have six years to go, Senator, and at the rate I am going, I am not going to make it. And I can see now that next year I may have to sell the farm.

Senator Wiley. Well, you were telling us that you made $40,000 a year off of the farm, and that you used some of that money.

Mr. De Lucia. Well, this year looks bad. The corn looks bad."

2015 • • •

2016 • • • Mr. Halley. Who is Hugo Bennett?

Mr. De Lucia. He is a bookkeeper for the Sportsman's track.

Mr. Halley. And did you have any financial transactions with him?

Mr. De Lucia. Yes; he made me a mortgage for $40,000.

Mr. Halley. On what?

Mr. De Lucia. On my house at Long Beach. And recently he gave me a mortgage for $40,000 on my farm.

2017 Mr. Halley. How much do you owe Hugo Bennett now?

Mr. De Lucia. $80,000.

Mr. Halley: $80,000?

Mr. De Lucia. Yes.

Mr. Halley. Is that the money at Sportsman's Park, or his own personal money?

Mr. De Lucia. That is his own money.

Mr. Halley. How long have you known Hugo Bennett?

Mr. De Lucia. I knew him for a long time. I knew his father. I knew him when he was going to school."

• • •

2018 • •

2019 By Mr. Barnett: Page 43:

"Mr. Halley. What interest do you pay Bennett?

Mr. De Lucia. Oh, I don't know what it is, 4 per cent or 6 per cent. I don't know.

Mr. Halley. Did you pay any of the principal back?

Mr. De Lucia. No; I have an understanding that in five years I pay interest.

Mr. Halley. You mean right now you pay nothing?

Mr. De Lucia. No.

Mr. Halley. No interest and no principal?

Mr. De Lucia. No.

Mr. Halley. That is a nice mortgage; isn't it?

Mr. De Lucia. Well, he is a friend of mine. I can't go to the bank. It is a friendly transaction."

* * *

2020 "Mr. Robinson. Did you own a house at 5301 West Jackson Street?

Mr. De Lucia: No; I was living there.

Mr. Robinson. What is that?

Mr. De Lucia. I was renting there.

Mr. Robinson. You were renting there. You never owned that?

Mr. De Lucia. No, sir."

* * *

2021-2023 * * *

2024 * * * Mr. Robinson. I believe you also testified previously, Mr. DeLucia, that you had made several loans since you came out of the penitentiary.

2025 Mr. De Lucia. Yes; two loans.

Mr. Robinson. Do you remember when the first one was?

Mr. De Lucia. I think the first one was around 1948. I am not sure about 1948.

Mr. Robinson. Did you receive a loan from Mr. Bennett?

Mr. De Lucia. Yes, sir.

Mr. Robinson. When, to the best of your recollection?

Mr. De Lucia. To the best of my recollection it was

around the spring or a little later than the spring, something around that.

Mr. Robinson. Do you remember how long it was after you came out of the penitentiary that you made that loan?

Mr. De Lucia. I would say about a year, anyway.

Mr. Robinson. A year after you came out?

Mr. De Lucia. Something lake that, maybe less or more.

Mr. Robinson. Will you tell what the circumstances were.

Mr. De Lucia. I told you, Mr. Robinson, I figured I had to spend a lot of money there. I made my plans
2026 to improve the farm to the best I could do it, and I said with this money I got, I always try to keep some cash on hand, and I tried to borrow some money on my house or something so I have some money to play with.

Mr. Robinson. Why did you pick Mr. Bennett?

Mr. De Lucia. Because Bennett—I couldn't go to no bank. Nobody would borrow me any money on my reputation and all that, so I scratched my head and said, 'Oh, gee.' I knew Bennett was working at the track, and I said, 'Maybe he can help me.' I called him, and that is all.

Mr. Robinson. Hadn't you got even loans from banks or insurance companies?

Mr. De Lucia. $11,000 worth. I went to the bank where I was dealing, and I asked them if I could get more money, and I brought my insurance policy, securities and this and that. I couldn't get a penny. He said, 'No, you have to bring collateral or else you get nothing.' So I had to get all my bonds, the bonds I had and put them in escrow to them and I got dollar for dollar. That is the chance the bank took. So that is all I got. I talked

to Bennett and I explained my situation, and he said I will try to do the best I can.

2027 Mr. Robinson. When did you first get in touch with Bennett?

Mr. De Lucia. I don't remember. It was somewhere around that time. I was looking out for myself ahead, Mr. Robinson. He said, 'I will let you know.' Then later on I called and he said, 'Any time you want it.'

Mr. Robinson. Did you see him personally or call him by telephone first?

Mr. De Lucia. I called him by phone first.

Mr. Robinson. You asked him then for the loan?

Mr. De Lucia. I called him and wanted to see him. He came over to the house and I talked to him.

Mr. Robinson. How long have you known Bennett?

Mr. De Lucia. I have known Bennett for a long time. I knew him when he was a kid.

Mr. Robinson. How many times had you seen him while you were in the penitentiary?

Mr. De Lucia. I never saw him in the penitentiary.

Mr. Robinson. Did he ever write to you in the penitentiary?

Mr. De Lucia. No, sir.

2028 Mr. Robinson. How many times did you see him before you went into the penitentiary?

Mr. De Lucia. I asked him about the track or something like that. I used to see him sometime with the family or something like that.

Mr. Robinson. How frequently would that be?

Mr. De Lucia. Oh, you have got me on something I wouldn't know, not so much, but quite a few times.

Mr. Robinson. Would it be four or five times a year?

Mr. De Lucia. I would say so, yes.

Mr. Robinson. Not more than that?

Mr. De Lucia. Well, maybe more or less.

Mr. Robinson. Did you know Bennett's father?

Mr. De Lucia. Yes, very well. I know his brother.

Mr. Robinson. What business is his father in?

Mr. De Lucia. His father was a painter, as much as I know.

Mr. Robinson. By painter you mean—

Mr. De Lucia. He was an amateur painter, or something. But here is what it is: The real story is that he used to be, when I used to work in the theatre, when first I came over here, he used to take part in the Italian
2029 show there. He used to play parts. He would take part in the show. That is how I know him.

Mr. Halley. What is Bennett's right name?

Mr. De Lucia. Benvenuti.

Mr. Robinson. How was the first loan made?

Mr. De Lucia. I don't remember, Mr. Robinson. I think the first one I got $10,000. Then I got the rest.

Mr. Robinson. *How did you get the rest?*

Mr. De Lucia. I don't remember if I got checks or cash.

Mr. Robinson. Do you recall whether or not you got a check from Bennett?

Mr. De Lucia. Yes, I got the first check and then I got the second check of $30,000 from Bennett?

Mr. Robinson. You definitely remember whether you got the second check of $30,000 form Bennett?

Mr. De Lucia. I am pretty sure. Don't hold me to that. You know, Mr. Robinson, I try to tell you the best of my recollection, and I think that is what it is. Don't hold me to it because lots of things happen to me and my mind at times gets hazy on that stuff.

Mr. Robinson. You know how you would get a
2030 $30,000 loan.

Mr. De Lucia. I think I got a check both times.

Mr. Robinson. Did you at any time get cash as part of that $30,000?

Mr. De Lucia. No; I don't think so.

Mr. Robinson. Would you say you didn't?

Mr. De Lucia. I wouldn't say that, but I am pretty sure I got checks. I deposited it in the bank.

Mr. Robinson. Was there a mortgage that went with that first $40,000 loan?

Mr. De Lucia. That is right.

Mr. Robinson. On what property?

Mr. De Lucia. On Long Beach. I told them, I said, 'I am going to sell this.' I had a prospect for sale. They came around. First they say they do and then when we try to close the deal they backed down. I have a few prospects now to sell. As soon as I sell I gave him the money.

Mr. Robinson. Did you actually give a mortgage on that property?

Mr. De Lucia. Why, certainly.

2031 Mr. Robinson. Do you remember what the terms of the note were?

Mr. De Lucia. I think the mortgage was around four or five per cent. I don't know, four or five per cent interest, something like that.

Mr. Robinson. Was there any due date on the mortgage?

Mr. De Lucia. Yes; five years. I figured in five years I would sell.

Mr. Robinson. You have paid no interest on that mortgage?

Mr. De Lucia. No, sir.

Mr. Robinson. Was that part of the arrangement?

Mr. De Lucia. I don't know. My understanding was that I was going to pay the whole thing. You see, the idea was that I was going to sell the house.

Mr. Robinson. How did you receive the second loan?

Mr. De Lucia. The second loan I got a check—I met him at the Cicero bank and I think the check was cashed over there.

Mr. Robinson. Was the check made out to you?

Mr. De Lucia. To me; yes.

Mr. Robinson. And was cashed at the Cicero bank?

2032 Mr. De Lucia. I don't remember the name of the bank, a Cicero bank.

Mr. Robinson. What did you do with that money?

Mr. De Lucia. I kept it myself and I used it.

Mr. Robinson. Did you put any of that money in the bank?

Mr. De Lucia. Why, certainly, whatever money I had left. Until I needed some money for the family I put it in the bank.

Mr. Robinson. Do you have any records to show that?

Mr. De Lucia. You have the bank records.

Mr. Robinson. Do you know whether that $40,000 loan, the second one, was entered in your books or not?

Mr. De Lucia. I think so. I think it was entered in my books.

Mr. Robinson. Who keeps your books?

Mr. De Lucia. Bernstein. You have the books there.

Mr. Robinson. Do you remember telling him to enter that in the books?

Mr. De Lucia. Certainly he put it in the books; yes.

Mr. Halley. While we are on that second loan, 2033 did you give a note for it? Did you sign a note?

Mr. De Lucia. I gave him the deed to the farm and all that.

Mr. Halley. You didn't sign the deeds over, did you?

Mr. De Lucia. No. This lawyer got all that stuff.

Mr. Halley. What is the lawyer's name?

Mr. De Lucia. Joe Butler.

The Chairman: Where is he?

Mr. DeLucia. He is at 105 Adams Street.

Mr. Halley. Why did you need the second loan?

Mr. De Lucia. Because I was getting pretty close. I needed some more money. As I told you, I always like to keep some money on hand.

Mr. Halley. You made the first loan when, how soon after you came out of prison?

Mr. De Lucia. I think about a year or shortly after that.

Mr. Halley. How long after that did you make the second loan?

Mr. De Lucia. This year, somewhere in the summer time, or the early part of the summer.

Mr. Halley. Just a few months ago?

Mr. De Lucia. Yes.

2034 Mr. Halley. You borrowed a second $40,000?

Mr. De Lucia. That is right.

Mr. Halley. You say the reason is that you were getting short of cash?

Mr. De Lucia. Yes.

Mr. Halley. You received a check from Bennett?

Mr. De Lucia. Yes. I signed it at the bank and I got cash.

Mr. Halley. Did you got to the bank with Bennett?

Mr. De Lucia. Yes.

Hr. Halley. His bank?

Mr. De Lucia. Some bank in Cicero. I don't know if it was his bank or not.

Mr. Halley. What bank?

Mr. De Lucia. I think it was the Cicero State Bank or something like that.

Mr. Halley. You signed the back of the check?

Mr. De Lucia. Yes, that is right.

Mr. Halley. You testified some time ago that you still had $30,000 or $40,000 left of your own money.

Mr. De Lucia. Now, yes.

Mr. Halley. Is that in addition to the $40,000?

Mr. De Lucia. No, all included.

Mr. Halley. So that right now is it your testi-
2035 money that you are broke except for the money you borrowed from Bennett?

Mr. De Lucia. No, I ain't broke. I got about $40,000.

Mr. Halley. You have about $40,000?

Mr. De Lucia. Yes.

Mr. Halley. But you say you got $40,000 from Bennett a few months ago.

Mr. De Lucia. Yes.

Mr. Halley. Is the $40,000 you have in addition to what you got from Bennett?

Mr. De Lucia. No, I mixed all I had. When I got the money I mixed it with some money I had in the bank.

Mr. Halley. So right now you have—

Mr. De Lucia. $40,000. It would be a little less now.

Mr. Halley. That $40,000 is what you owe Bennett, is that right?

Mr. De Lucia. Yes.

Mr. Halley. Also you owe him another $40,000 on the mortgage?

Mr. De Lucia. That is right.

Mr. Halley. When are you supposed to pay the second $40,000 back?

2036 Mr. De Lucia. I think it is about five years.

Mr. Halley. In about five years?

Mr. De Lucia. Yes.

Mr. Halley. Did you give him something in writing?

Mr. De Lucia. They got my deeds and all that stuff for the farm, whatever it is.

Mr. Halley. Did you write something on the back of the deed?

Mr. De Lucia. No, I don't remember writing anything.

Mr. Halley. You didn't write anything?

Mr. De Lucia. No.

Mr. Halley. Did you write anything on the front of the deed?

Mr. De Lucia. No.

Mr. Halley. You just handed it to him?

Mr. De Lucia. I just handed him the deed, that is all.

Mr. Halley. You could get your deeds back. That doesn't mean anything, does it, handing a man a deed?

Mr. De Lucia. I understand the lawyer to say it was all right. Whatever kind of deal it was, I don't know.

Those things are done by a lawyer. I don't know
2037 about that.

Mr. Halley. You didn't even give Bennett a note?

Mr. De Lucia. No.

Mr. Halley. How did you approach him for the second $40,000? Will you tell the committee just what happened?

Mr. De Lucia. I caled him again and I said, 'I need a little more money here. I tried to get money from the Metropolitan. I tried to get money from the Oak Park, and tried to get money from the Prudential because I figured maybe I could make a mortgage there, and they all turned me down.'

I said, 'Hugh, I am in the same predicament;' and asked him if he would help me out and he said he would.

2038 Mr. Halley. Did you got to see him?

Mr. De Lucia. Yes. He came over to the house.

Mr. Halley. About when did he come, would you say?

Mr. DeLucia. I don't remember that, Mr. Halley.

Mr. Halley. Was it summertime?

Mr. De Lucia. How can you remember that?

Mr. Halley. It is a very important thing to remember, so let's try hard?

Mr. De Lucia. He came over to the house and I told him, see.

Mr. Halley. Was it in May, June—

Mr. De Lucia. It was around there. It was shortly before I got the mortgage.

Mr. Halley. Shortly before you got the mortgage.

Mr. De Lucia. Yes. He said give me the paper and I will have a lawyer work on it.

Mr. Halley. We are not talking about the mortgage here. We are talking about the second loan.

Mr. De Lucia. That is right; yes.

Mr. Halley. There was no mortgage on the second loan?

Mr. DeLucia. They have got it, the lawyer. I don't know. It is at the bank or some place.

Mr. Halley. I thought you said that the mort-
2039 gage was on the first loan.

Mr. De Lucia. A mortgage on the farm, too, on the second loan.

Mr. Halley. You made out a second mortgage?

Mr. De Lucia. That is right.

Mr. Halley. I thought you said you didn't sign any papers.

Mr. De Lucia. I didn't sign any papers. I don't remember signing any papers. If I signed any I don't know.

Mr. Halley. How could you give a mortgage without signing a paper?

Mr. De Lucia. Because my property is in trust with the Oak Park National Bank, and I told them that and they went over to the bank there and they made it.

Mr. Halley You mean they got a mortgage from the Oak Park Bank?

Mr. De Lucia. I suppose so; yes. That is how they worked it.

Mr. Halley. What lawyer represented you in the transaction?

Mr. De Lucia. I didn't have a lawyer. The Oak Park Bank is my trustee, you see.

2040 Mr. Halley. What kind of trust is that?

Mr. De Lucia. I put all my property in trust.

Mr. Halley. When did you do that?

Mr. De Lucia. I did that I think about a year or so after I came out.

Mr. Halley. Is it a trust of which you are the beneficiary?

Mr. De Lucia. No, my kids and my wife.

Mr. Halley. Your kids and your wife are the beneficiaries?

Mr. De Lucia. That is right.

Mr. Halley. The Oak Park National Bank is the trustee.

Mr. De Lucia. The trustee; yes.

Mr. Halley. With whom do you deal personally at the Oak Park Bank? Who is the man who takes care of your matters?

Mr. De Lucia. I don't know who it is. I think the fellow who did that for me was Joe Bulger. I think one of the fellows was Tomasco and Spring.

Mr. Halley. Joe Bulger?

Mr. De Lucia. Joe Bulger is the one that made the trust for me.

Mr. Halley. He made the trust for you. I
2041 thought you said he was Bennett's lawyer?

Mr. De Lucia. No. That is Butler who is Bennett's lawyer.

Mr. Halley. And yours is Bulger?

Mr. De Lucia. Bulger, Joseph Bulger. You know him.

Mr. Halley. Is Bulger the man who used to be the head of the Italian-American League?

Mr. De Lucia. Yes, sir; in fact, he is now.

Mr. Halley. And he is your lawyer?

Mr. De Lucia. That is right. He was on that thing. He took care of it.

Mr. Halley. He made the trust for you.

Mr. De Lucia. That is right."

By Mr. Barnett: Page 226:

"Mr. Halley. Why is that when you get a sum as large as $40,000 you take that in cash and do not put it in the bank?

Mr. De Lucia. That is a lot of money to put in a bank, $40,000, all at one time, Mr. Halley.

Mr. Halley. Don't you think it is a lot of money to keep in your house in cash?

Mr. De Lucia. Well, I needed some cash for the house.

I needed some cash, you know, you never can tell.
2042 So I figure I can keep the money. I always like to keep money in my hands.

Mr. Halley. For what did you need sums in money in cash?

Mr. De Lucia. I always like to keep money in cash on hand. I was told when I was a boy to keep cash money on hand at all times."

By Mr. Barnett: Page 27.

2043 "The Chairman. There isn't anything about this security matter. The money is more secure in a bank than it is in a box in your house.

Mr. De Lucia. That is right.

The Chairman. We want to know why you had to keep such large sums of money in your house or on yourself.

Mr. De Lucia. I am sorry, Senator, I can't give a better answer than that, and I mean it. I am sincere about it. I always like to keep money in my hands.

Mr. Halley. At the time you borrowed that money, how much money of your own did you have left?

Mr. De Lucia. I don't remember. If I say anything else, I tell you a lie. I know I was getting pretty low.

Mr. Halley. It was getting pretty low.

Mr. De Lucia. Yes.

Mr. Halley. Did you have $10,000 left?

Mr. De Lucia. I don't know. I don't know.

Mr. Halley. When did you make this loan? You say in the summer time.

Mr. De Lucia. Two or three months ago, some-
2044 thing like that, three or four months ago.

Mr. Halley. How much money did you spend in the last three months?

Mr. De Lucia You have it there.

Mr. Halley. have it where?

Mr. De Lucia. In the reports and all that.

Mr. Halley. No; I want you to tell me.

Mr. De Lucia. I don't remember, Mr. Halley.

Mr. Halley. Would you say under oath that it is your testimony that everything you spent in the last three months is reflected in your books?

Mr. De Lucia. I would, yes.

Mr. Halley. Do you spend large sums in cash for any purpose whatsoever?

Mr. De Lucia. No.

Mr. Halley. Do you use any money for gambling?

Mr. De Lucia. No.

Mr. Halley. Did you lend any of that money to anyone else—

Mr. De Lucia. No, sir.

The Chairman. Wait and get the question now. Did you lend any of that money to anyone else—

Mr. De Lucia. No, sir, no, Senator.

The Chairman. Or give it to them?

Mr. Chairman. O[illegible]no.

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2045-2047 • • •

2048 Mr. Halley. You say altogether now you have only about $40,000.

Mr. De Lucia. That is right.

Mr. Halley. There is no mistake there?

Mr. De Lucia. No.

Mr. Halley. That $40,000 is the same amount you just borrowed in May? All you could have had in May is what you spent between May and now, if you have $40,000 left now.

2049 Mr. De Lucia. I had some money left, I told you. I had some money left, and when I got the $40,000, I mixed it with what I had left.

Mr. Halley. That is right, but now you have $40,000, you say.

Mr. De Lucia. Yes, maybe a little less or a little more."

By Mr. Barnett: That is all I have marked.

Do you have anything marked, Mr. Stewart?

By Mr. Stewart: No.

By Mr. Barnett: That concludes the testimony, your Honor.

* * *

2050-2059 * * *

2060 (Said documents, so offered and received in evidence, were marked Government's Exhibits 52, 53, 54, 5-A through 5-M, 6-A through 6-L and 7-A through 7-L.)

By Mr. Barnett: Your Honor, we have no further witnesses for this afternoon, and we are very close to the end. We have more computations which have to be 2061 put on. There may be some motions.

By the Court: You mean we can go home?

By Mr. Barnett: Yes. We haven't any more to offer this afternoon.

By the Court: Tomorrow morning?

By Mr. Barnett: That is what I would like to talk to your Honor about. Perhaps you should excuse the jury until we discuss it for a couple of minutes.

By the Court: Yes. The jurors will please retire for a few minutes. I may call you back in and discharge you for the balance of the week, I am not sure.

(Whereupon the following further proceedings were had in open court, outside the presence and hearing of the jury:)

By Mr. Barnett: As I say, your Honor, we are very close to the end. We have computations which have to be prepared, and I would like the balance of the afternoon to do that, in any event.

It just occurred to me that Mr. Stewart reserved his cross examination of Agent Mahon, and if he wants
2062 to further cross examine him, perhaps now would be the best time of all.

By Mr. Stewart: Wo are you going to use as your next expert?

By Mr. Barnett: Mr. Saldana.

By Mr. Stewart: I have no desire to cross examine Mr. Mahon any further.

By Mr. Barnett: In that event, your Honor, we do have the further computations to prepare.

By the Court: How long will it take?

By Mr. Barnett: If we need to, we can have them ready tomorrow morning, but I was thinking the possibility exists that there will be the usual motions made after that and perhaps—

By the Court: I thought if you could wind up your case by tomorrow morning, say at 11 o'clock, I could devote the afternoon to you gentlemen on all motions for directed verdicts and whatever I anticipate, without the presence of the jury, and then we will go on Monday with the defense, if I don't sustain them.

2063 By Mr. Barnett: As your Honor may be aware, there is quite a mass of detail in this case.

By the Court: I have in mind, giving counsel for the defense, as I promised them, a reasonable term to go over the transcript and to make a compilation of their respective—

By Mr. Stewart: We don't need it, Judge. We want to keep right on going.

By the Court: You don't need it?

By Mr. Stewart: We don't need anything, except a little speed, a little speed. That is all we want.

By the Court: All right. We will go right straight through.

By Mr. Stewart: Keep right on going.

By the Court: Tomorrow morning, 10:00 o'clock.

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2064-2094 * * *

2095 ANDRES M. SALDANA, called as a witness on behalf of the Government, having been first duly sworn, was examined and testified as follows:

Direct Examination by Mr. Barnett.

* * *

2096-2120 * * *

2121 By Mr. Barnett: No further direct examination, your Honor.

By Mr. Stewart: No cross.

2122 By Mr. Green: Motion to strike.

By the Court: Same ruling on Alger.

All right. Thank you very much.

(Witness excused.)

By Mr. Barnett: Your Honor, we are about to rest. Before formally resting, I would like an opportunity to check the record on exhibits offered, and therefore request that we be recessed until 2:00 o'clock this afternoon, at which time I will make any reoffer of exhibits and rest formally.

By Mr. Stewart: I can help the prosecutor out by saying that if he discovers later that he hasn't offered one, that he is entitled to put in any exhibit that your Honor has ruled upon. We can do that later, if your Honor wants to keep going.

By Mr. Green: That is agreeable to Mr. Bulger.

By Mr. Barnett: We have no place to go. We have no more witnesses.

By Mr. Stewart: Do you rest?

By Mr. Barnett: Yes, we rest.

2123 By the Court: Subject to that provision.

By Mr. Stewart: Yes, if he has overlooked any exhibits, he can put them in later.

And Thereupon The Government Rested Its Case.

By Mr. Stewart: Defense rests.

By Mr. Green: Defense rests.

And Thereupon The Defendants Rested Their Case.

2124 By the Court: All right.

Do you still want your time now?

By Mr. Barnett: Well, I assume the time now is for arguments.

By the Court: Do you want to proceed?

By Mr. Barnett: I don't know if they want to make any motions.

By the Court: That is up to them. Do you want to proceed with your arguments?

By Mr. Barnett: I do not care to proceed with my closing argument until this afternoon, your Honor. I think we are entitled to 2:00 o'clock for that.

By Mr. Stewart: That is all right.

By Mr. Barnett: We have instructions, your Honor, also, that we have to go into.

By Mr. Green: We can tender our instructions. We are ready for that, your Honor.

By Mr. Barnett: I think we should recess until Monday, your Honor, in order to prepare our instructions.

By Mr. Stewart: I don't think we need the time. We would like to go ahead. We can start at 2:00 o'clock.

2125 By the Court: We will take a five minute recess.

(Whereupon a short recess was taken, after which the following proceedings were had out of the presence and hearing of the jury:)

By the Court: I think we ought to spend this afternoon on the instructions.

By Mr. Barnett: Your Honor, I would like to have this afternoon to prepare my instructions. I havn't got my instructions all prepared. I can submit them to your Honor tomorrow morning, if you desire. We haven't seen the defense instructions yet.

By the Court: No. This case has taken much less than we anticipated.

By Mr. Barrett: That is right, your Honor.

By the Court: How long will it take you to argue?

By Mr. Barnett: How long does the defense want?

By Mr. Stewart: Well, I never know, Judge.

By the Court: I mean approximately.

By Mr. Stewart: I will try to watch the jury, and the minute they seem to be bored with me, I will quit.

By Mr. Green: That is the way I feel about it,

2126 too, your Honor. I don't want to talk them to death.

By the Court: I will sustain the objection to that.

By Mr. Green: I hope we know enough to sit down, that is all.

By Mr. Stewart: You don't want long, do you?

By Mr. Barnett: I think I can make my summation in about an hour, your Honor.

By the Court: Do you want to argue on these motions?

By Mr. Stewart: No; just pass on them.

By Mr. Green: As far as we are concerned, your Honor, we have a number of motions.

By the Court: I am going to overrule the motions of each defendant for a directed verdict.

By Mr. Green: Those have been filed in writing, your Honor.

By the Court: Yes. I have them here before me. Let the record so show.

By Mr. Green: And likewise the pending motions to strike on behalf of Bulger?

By the Court: Those will be overruled.

By Mr. Green: Yes, sir.

2127 By Mr. Stewart: Now, what remains is to argue the case to the jury.

By the Court: And all exhibits will be received in evidence.

By Mr. Green: They are all in evidence.

By the Court: I know, but if any were overlooked.

How long do you think you will argue?

By Mr. Barnett: Your Honor, I think I can probably sum up in about an hour.

By the Court: Will one full day be enough for both sides?

By Mr. Stewart: It looks like it.

By Mr. Green: Oh, sure.

By Mr. Barnett: I think it will be plenty.

2128 By the Court: Let's meet Monday morning for the instructions to the jury. Each of you will give me your set respectively, and we will sit down in chambers and go over them.

By Mr. Stewart: We would like to avoid that if we can. Can't we just submit our instructions to your Honor now, and then the Government can give them as soon as they are prepared? We have ours ready.

By the Court: I will take them. You don't want to discuss instructions in chambers?

By Mr. Stewart: Not particularly.

By Mr. Green: No, your Honor.

By Mr. Stewart: You can take them and give them or refuse them at your peril.

By the Court: All right. Then the same as to you, you submit yours, and I will also do that at my peril too.

By Mr. Barnett: Would you like to have our instructions tomorrow morning, Judge?

By the Court: I live from one crisis to another.

By Mr. Stewart: Your Honor, we have ours printed and they have a small number on each one at the corner.

I will give your Honor three copies, so that if your
2129 Honor will be good enough, you will mark one for us given and refused, and then we will know what you are doing because the Federal rule is that we must make our record before the jury.

By the Court: I will do that. If I have any questions, I will call both sides in at the same time.

By Mr. Barnett: I see an awful lot of instructions here, your Honor. I think you will be inclined to call us in after you see our instructions and theirs.

How many have they got? 103 instructions, I think it is, Judge.

By the Court: It will take me a week to give the instructions.

By Mr. Barnett: It will take you a week to read them, I think.

By the Court: I am not going to read them until I get yours because I don't want any duplications.

By Mr. Green: We will have two more instructions, your Honor, that Mr. Gorman is getting now. They were overlooked.

By the Court: All right. Bring out the jury.

By Mr. Barnett: Monday morning, then?

By the Court: Yes. Let's meet Monday morning 2130 at 10:00.

By Mr. Barnett: Your Honor, I might suggest that in light of the instructions the defendants have here that you might not want the jury back until Tuesday morning at 10:00 o'clock.

By Mr. Stewart: We would like to avoid that if we can, Judge.

By the Court: I am going to go on Monday.

By Mr. Barnett: With arguments?

By the Court: Do you have an extra set of these?

By Mr. Stewart: Yes, your Honor.

By the Court: I may want to take one home with me just to mark my own notations on it.

By Mr. Stewart: As a matter of fact, I will give you two more.

By the Court: No, just one is enough. I am going to take one with me so I will read these. I will mark my own copy up so I will know what to expect when I get yours.

By Mr. Barnett: All right, your Honor.

By the Court: Then I will take probably an hour to coordinate the two sets. I may take the lunch hour to do that.

By Mr. Barnett: We should, I think, ordinarily
2131 have an idea of how you will instruct in advance of our arguments so that when we are arguing to the jury we do not make any misstatements, your Honor.

By the Court: All right. I have no objection.

Then I will ask the jury—what I would like to do is time the arguments so that the jury will not start deliberating late at night. I would rather have them start deliberating—I would like to get your views on it because I know you understand the problem as well as I do. I

have had them by the hundreds in the Criminal Court. It is a question of timing them, their convenience, and the less time I have them holding overnight, the better I like it, the better they like it, and I think the fairer it is.

2132 By Mr. Stewart: Your Honor, I will make this suggestion, if it is agreeable to Mr. Barnett, that we have the jury come back at 11:00. That will give Mr. Barnett an hour and a half, and he ought to be through in that time, according to his estimate.

Then I can start at 2:00. In the meanwhile, at 10:00 o'clock, the lawyers could be here and talk to your Honor about what instructions you are going to give.

Will that be all right?

By Mr. Barnett: If your Honor thinks we can do it in that time, that will be all right.

By the Court: You won't have that many instructions?

By Mr. Barnett: Not nearly as many as they have, your Honor, but there are probably, roughly, thirty instructions that should be given in a case like this.

My guess is that the normal length of time it takes to instruct in a case like this would run between a half hour and forty minutes, reading the instructions.

By the Court: My judgment is this, and I am
2133 saying it with all consideration for both sides, if both of you could wind up your arguments in one morning, my reading the instructions will taken an hour. Then I would have them come in Tuesday morning.

Then I would give you these instructions Monday morning at 11:00 or 12:00 o'clock, so you could take them with you to prepare your arguments.

By Mr. Stewart: I don't need it, Judge. I can start arguing now. I do not want to take that time.

By Mr. Green: Right now, your Honor, we are ready.

By the Court: All right, Monday morning.

Bring out the jury.

By Mr. Green: 10:00 o'clock, your Honor?

By the Court: 11 o'clock for the jury, 10:00 o'clock for you.

* * *

2134-2135 * * *

2136 * * * Chicago, Illinois,
Monday, May 26, 1957,
10:00 o'clock a.m.

Court convened pursuant to adjournment.

* * *

2137 * * * By the Court: I have studied the numerous instructions of the defendant. I have read the Freidberg case, the Holland case, the Irving case, the Calderson case, the Skidmore case, so that at least I have a good base for my understanding of the law and the nature of the instructions which I am going to pass upon.

I would prefer sitting down with both lawyers,
2138 all the lawyers, in my chambers for an hour, an hour and a half, and, if I have a half hour to look over the Government's instructions, and from 11:00 to 12:00, if I can sit down with all of you—I don't mean to argue; that isn't the point—but, you have your respective copies, and you can mark them as I indicate to you and I have no objection to hearing from both sides as to why I am wrong or why I am right on that particular instruction—discussing how important it is.

I may lose the perspective of it and I don't want to do that. The practice has been in the State court to sit down with the lawyers and go over their respective instructions and to accept them or reject them, to mark them "Rejected" or "Refused." How do you mark them?

By Mr. Barnett: "Refused."

By Mr. Stewart: "Refused." We mark them "Refused" in the State court.

By Mr. Green: Of course, if your Honor please, it becomes a part of the record in the State court, whereas, it doesn't became a part of the record here.

By the Court: I beg your pardon?

2139 By Mr. Green: It becomes a part of the record in the State court whereas it doesn't here, if the instructions are marked "Refused."

By the Court: It is done as a courtesy and a desire to be right. I am not doing it as though it is a record or no record. I will give you a chance, respectively, to urge your point on each instruction. It may mean a lot and it may not mean a lot.

2140 By Mr. Stewart: May we state our position?

By the Court: Yes.

By Mr. Stewart: We appreciate your courtesy, but time and energy is of value, too. I don't care to go over the instructions, unless your Honor feels you are in need of our assistance. But, I don't think so, after you have read those cases.

Since you have read those cases you give what you believe to be a fair instruction.

By the Court: I tell you now I am giving a major portion of your instructions.

By Mr. Stewart: That is all right.

I figured if you gave half of my instructions, I would be satisfied.

By the Court: You have some instructions which are not consonant with the Holland case and the Freidberg case on the question of theory.

By Mr. Stewart: I am not consenting to anything your Honor does.

By the Court: Let us not make any commitments on consent. I have said that I have gone over them, at home, very carefully. I have not seen the Government's

instructions. I don't know what proportion they are, how much.

2141 By Mr. Stewart: As long as the Government doesn't have an instruction that they are instructing that the defendants be found guilty, why, I don't think they can hurt us. That is our position.

By the Court: I tell you now I am not going to give that instruction.

By Mr. Green: What was your Honor's position on the three typewritten instructions?

By the Court: Three of them are not consistent with the law. One of them is going to be good and I am going to give it.

By Mr. Green: I am anxious to know which one.

By the Court: I have no objection, if you come in, to discussing them with you. My mind is open.

By Mr. Green: Do you remember which one it is, sir?

By the Court: How?

By Mr. Green: Do you remember which one it is that you have decided to give?

By the Court: Just one second. I will pick them up.

2142 By the Court: You gave me three altogether, didn't you, Mr. Green?

By Mr. Green: That is right.

By the Court: This one, even though it needs some adjustment, I think it comes within the law, and that is:

> "Defendants Paul DeLucia and Joseph I. Bulger are charged in the fourth count of this indictment with entering into a conspiracy commencing about September, 1950, and continuing to the return of the indictment, which was March 14, 1957. You are instructed that the acts or declarations of an alleged conspirator—"

I think the Goverment will not like this one, but I feel that that is the law.

"done or made prior to the commencement of such alleged conspiracy or after its termination are not admissible against his alleged co-conspirator and should not be considered by you in any manner whatever in determining the guilt or innocence of such
2143 alleged conspirator under the count in the indictment."

By Mr. Green: That is the one we were interested in.

By the Court: That is the one that is important to you, and I think I may give it at this time unless I see something specific against it in the Government's instructions or something takes its place. In other words, this needs some adjustment.

By Mr. Barnett: The reason we took a little long with our instructions and the reason we have as many as we do—the number of our instructions is 60—is that we tried to include among our instructions all of the instructions of the defendants which we felt would be warranted. That instruction was one of them.

By the Court: That instruction was warranted?

By Mr. Barnett: That instruction is one of them that we feel is warranted and we have included it in our instructions, instruction No. 48.

By the Court: I presume these are copies that I have. These are not the originals. You must have the originals.

By Mr. Green: Yes, we gave you two sets.

By Mr. Barnett: That is instruction No. 49.

By the Court: What is your instruction 48?

2144 By Mr. Green: 48 is not the instruction, your Honor.

By Mr. Barnett: Look at instruction No. 49.

2145 By the Court: I haven't got yours. Well, if you are going to do it this way and you are not going

to check, I don't propose to discuss these instructions with one side. It is both or neither, so I am going to make it neither.

I have no right to urge you to do it, and if your policy is not to do it, and I can understand the position sympathetically, I am not going to urge it.

As Mr. Scott Stewart says, he submitted them, I have read the cases and will apply the law to them. I am trying to be fair in my selection.

By Mr. Stewart: We will put ourselves in your hands, your Honor.

By the Court: I am not going to talk to the Government either this morning.

By Mr. Barnett: May I make a statement about that, your Honor, to explain our position?

The defendants have submitted to you 103 instructions in a printed sequence, so that it is impossible for you as the instructions are submitted to take one out and put another one in, or rearrange it in any order whatsoever.

That is the reason why we submitted our instruc-
2146 tion, including and embodying among our instructions the instructions of theirs that we felt you would be warranted in giving, so that the instructions you read could be read as one continuous whole in sequence.

If you had separate instructions for both parties you could shift the instructions from one to another and insert them where they belong and read them in sequence, but the way they are tendered to you now, you can't do that. That is the reason we included among our instructions many of theirs that we felt were justified and in the sequence we thought that should be followed.

By the Court: Would you do this for me? Would you take your instructions and number them in the corner, the copies of your instructions?

By Mr. Barnett: You want us to indicate which of their instructions are included?

By the Court: That is right. It would take a week for me to sort them out.

By Mr. Barnett: We can do that, your Honor. I think we already have a rough list prepared like that.

By the Court: If you will indicate on your copies
2147 the number of their instructions respectively, numerically, I will sit down for an hour and go over them and see if they serve that purpose.

If they don't, I will read theirs.

By Mr. Barnett: I assume you intend to instruct the jury tomorrow morning? That was my impression.

By the Court: I don't assume anything. I don't know how long it will take. If the arguments do not take—let me ask you a question.

Again, I want to be very fair about it and I don't want to use my own judgment.

Is there any hardship or unfair advantage in making all the arguments and then instructing tomorrow morning?

By Mr. Green: I don't think we will be through with our arguments today, that is the only thing, your Honor.

By the Court: You will not be through?

By Mr. Green: I don't think so.

2148 By the Court: Let's put it the other way. If there is no advantage or there is nothing prejudicial in so far as the defendants are concerned in my at this time anticipating a completion of the arguments today, and then instructing tomorrow morning—would that be disagreeable or unfavorable?

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2149-2154 • • •

2155 * * * And Thereupon Mr. Barnett Addressed The Court And Jury In Argument On Behalf Of The Government.

* * *

2156-2159 * * *

2160 * * * May I have chart No. 1, please?

In telling you about this case, ladies and gentlemen, I would like first to discuss the income tax phases of the case and to assist me in doing that, we have a number of charts which you have seen previously. Then we have a couple of abbreviated charts, which I think 2161 will assist in the explanation.

First of all, we charge that during the calendar year 1948, certain taxes should have been paid and were not paid.

Now it is the Government's position that during the course of this trial we have presented evidence to you, in accordance as it is shown on that chart which is now before you, that Mr. DeLucia had a net income of $131,616.63—

By the Court: Pardon me, please. Mr. Stewart, do you want to take your chair over on the other side?

By Mr. Stewart: I am not interested.

By the Court: Mr. Green, do you want a chair?

By Mr. Green: No, I am here for a moment only, your Honor.

By Mr. Barnett: For that same year Mr. DeLucia filed an income tax return wherein he showed a loss on his return of $18,944.00.

We charge, and we contend that the evidence in this case shows, that the tax liability owed by Mr. DeLucia on that $131,000.00 of net income was $66,689.50, whereas on his return he showed taxes due of nothing, 2162 zero.

May I have the next chart, please?

2163 Similarly, with respect to the calendar year 1949.

The indictment charged Mr. DeLucia with evasion of income taxes and we say that on the basis of the evidence that has been presented in this court room, we have shown that Mr. DeLucia, during the calendar year 1949, had a net income of $34,002.89, whereas, on his return, he reported a red figure, a loss of $2,282.95.

By the same token, we contend that the evidence has shown that he owed a tax liability for that year of $8,947.76 whereas he reported a tax of zero.

Next chart, please.

Similarly, with respect to the calendar year 1950. The indictment charged the evasion of taxes and we contend that the evidence as presented in this court room has shown, for the calendar year 1950, Mr. DeLucia had a net income of $61,915.14 and on his return he reported a red figure again, a loss of $9,838.82.

Based on the computation of tax, the experts' computation of tax; based upon the net income of sixty-one thousand, the evidence shows that he owed to the Govern-

2164 ment a tax for this year of $23,754.84, whereas he showed on his return a tax due of nothing.

Now, what has been the defense to the claim that he has evaded or attempted to evade taxes on the income that he had during the years 1948 and 1949 and 1950?

We base, as you have seen from the evidence, we base the computation of income that he had in those years upon the expenditures that he made in those years on the theory that anything he had spent had to have been reported from him and if it had been received from other than nontaxable sources, it must have come from current income.

2165 What has been his defense to that charge? The only defense, the only lead, the only explanation that

has ever been given here on behalf of the taxpayer DeLucia with respect to 1948, 1949 and 1950 is that he had some money on hand at the beginning of the year.

Now, we set out in this case to show why that was not true. We set out first to show that he could not, could not have had that much money on hand at the end of 1943. We set out to show that by circumstantial evidence of his expenditures and his available resources during the years prior to 1943.

Now, first of all, we started with the period 1920 to 1933. That was the period after Mr. DeLucia came to this country. He came here in 1920. And, it was not until 1935 that he filed a return for the calendar year 1934.

Now, if you will notice from the chart, which is now before you, chart No. 4, we start with the year 1934 and continue through the year 1943.

In the lefthand column are the gross funds avail-
2166 able to Mr. DeLucia. In the next column are the expenditures. Those are the expenditures that were proven in this court room, that were proven in this court room without contest, many of them being stipulated to by the defense.

The last column on the right is the difference between those figures, which constitutes the possible cash on hand at the end of any given year.

You will notice that for the period 1934, to and including 1943, there is not a single year when the available or possible available cash on hand of Mr. DeLucia approaches $300,000.00. The most is the cash on hand at the year of 1941 when it is two hundred and thirty-one thousand—$231,236.00.

Now, let us examine why we start him out in 1934 with nothing except the reported income for that year.

In other words, we have got—we have assumed that he had no large bulk of cash on hand holding over from the 20's.

Mr. Stewart by innuendo in cross examining the agents on a couple of occasions asked if it was not a possi-
2167 bility that he could have had some sort of illegal income resulting from the 20's, I suppose bootlegging or something of that nature.

There has not been a scintilla of evidence introduced in this case that would tend to support that belief.

2168 Now, let me point to this with respect to his background and history, bringing us up to 1934:

We know that he came into this country in 1920. We know that he has made statements when he was admitted to the penitentiary at Atlanta—he made statements to Mr. Gibson which indicated what his previous employment had been.

He was employed as a theatre manager, an operator of a restaurant—nothing extraordinary. He indicated no extraordinary background whatsoever.

During that same period of time, if you recall, there was a witness on the stand named Mr. Grothe, who introduced a savings bank account of Mr. Paul DeLucia, which was opened in 1927 and, in that account, the greatest amount of money that was ever on hand was $4,500.

Now, have you noticed also, if you please, that on September 8, 1927, when Mr. Paul DeLucia was banking in that account, when he opened that account, his resi-
dence address was given to the bank as 917 Blue Island
Avenue in Chicago, Illinois—quite an unpretentious
2169 address, quite a modest address.

He has another address subsequently, on December 30, 1931, according to the bank record card, which was Government Exhibit No. 206, and he was desiding at 4312 West 22nd Street in Chicago, Illinois, again a modest residence, nothing particularly pretentious about it.

He shows no great evidence of wealth during those periods prior to 1934 and his history is consistent thereafter also.

For example, subsequently, subsequent to this 1931 date, he was residing in an apartment at 5300 West Jackson Boulevard. I assume it was a nice apartment. It is a nice neighborhood, but, there is nothing particularly pretentious about it.

In 1934, for the first time, he acquires title to real estate and that real estate is at Long Beach, Indiana, and he acquires it on a mortgage of $7,480 with a down payment of I think around $4,000.

That mortgage remains in existence and is paid off installment by installment.

The following year, 1935, he makes an improvement on the premises in Long Beach, Indiana. He buys a stoker and he buys it on time. It is a stoker which
2170 cost $1,180 and he buys that on time, which makes the total cost of the stoker, including interest, $1,356.76, as shown by Government Exhibit No. 120.

At the time that he makes the loan for that stoker, he has to give a credit statement to Mr. Harvey Frey. On that credit statement which is given in 1935, he indicates he is employed by himself in the World Playhouse, a theatre on Michigan Avenue, and that his annual income is $4,500. This is in 1935.

2171 In the following year 1936 he starts spending some money. He spends money for annuities for his children.

Now I would like you to notice this, ladies and gentlemen—may I have the next chart, please?

I would like you to notice how Mr. DeLucia's rise in standard of living is keyed into the extortion income which he received, or which the Government has always

contended that he received, for the period 1935 through 1940.

As I said, prior to 1935 he has made no substantial expenditures of any great consequence. In 1935, he begins to spend money, and that is the year when, according to the testimony of Mr. Ruggaber, based on the evidence of the extortion trial, he began to receive substantial sums of extortion money.

In that year he received extortion money over and above what was reported on his return of $44,000.00.

Again in 1936, as I said, he acquired insurance policies on behalf of his children, substantial insurance annuities. In 1936 also he builds a caretaker's house in
2172 Long Beach, Indiana.

In 1938 and 1939, he literally goes crazy spending money. He puts a $30,000.00 addition onto his Long Beach, Indiana, property. He puts an $18,000.00 pool on the back of his Long Beach, Indiana, property. He spends $25,000.00 for a new home in River Forest. He spends $30,000.00 to add an addition onto that new home in River Forest.

You can see that prior to the advent of the extortion money, Mr. DeLucia was living very modestly. But as the extortion money began to roll in, he began to spend money freely.

Mr. DeLucia was not a hoarder of money. He was not a man who saved money because he liked the color of long green bills, although he kept plenty of them on his person. He was a man who liked money for what money could do for him, and when he had money he set about to acquire beautiful possessions.

2173 He was a man with a fine architectural sense. He was a man with artistic tastes. He liked beautiful things, and he needed money to acquire those beautiful things.

So, he wasn't given to hiding money. He used money for the purpose for which money was intended, and that is to spend.

You have heard a great deal of controversy—perhaps not controversy, but a great deal of comment about that extortion income. Now Mr. Ruggaber, when he was on the stand, and his testimony is verified by what he has put in his report, indictated that the total extortion money receivable by Paul DeLucia for the period 1935 to 1940 was $404,894.13.

Mr. Ruggaber, in his analysis back in 1945 of the receipt of such income by Mr. Paul DeLucia, credited Mr. DeLucia with having reported a portion of that money. That money which was reported on Mr. DeLucia's returns under the heading of "Miscellaneous," which was not otherwise identified as to source, Mr. Ruggaber said could be the extortion money, and therefore we will allow him credit for that money having been reported on his return.

2174 Mr. Ruggaber never contended, and we have never contended, that Mr. DeLucia did not receive the $404,000. We do say, however, that during that period of time when his living standards were rising, his living standards were geared to the receipt of the extortion money, and that shows that his principal source of income was the extortion money that he was receiving during those years.

Now, Mr. DeLucia is the man who has always reported income on the expenditures basis, the same basis that we use in computing his income in this trial, and that basis is this: If you spend money and it is out in the open and the Government can find what you spend it for, the Government will know that you have had some income which results in that spending.

Mr. DeLucia has always reported on the expenditures basis. He has always prepared his returns on that basis. He told that to Ned Klein when he came in and made the audit on the 1938 and 1939 returns.

Mr. Bernstein, in presenting his analysis of Mr. DeLucia's 1941 and '42 returns and the 1943 return to Revenue Agent Armstrong, showed that Mr. DeLucia had reported his income on the expenditures theory.

2175 So Mr. DeLucia is not spending all of the extortion income that he is receiving during those years. He is spending substantial parts of it, but he is not spending all of it. Although he is a spender, he is not a spendthrift.

He doesn't spend every dime that comes into his pocket. He knows he needs money for various things a few months later or a year later. He is not a hoarder, but he doesn't spend it as fast as he gets it, although he does spend substantially.

2176 But he knows when he is spending money for acquiring assets, he knows that the Government can find real estate that has been purchased, as we did in this case. He knows when he made major additions through reputable contractors on his house, he knows that we will be able to locate such contractors and determine what he paid for it.

So what does he do? He reports on his income tax return enough income so that he can account for expenditures in a particular year in which he is reporting —at least, he thinks he can account for it. That is the entire pattern of his income tax filing history is filing on the expenditure basis.

Now I want to say a further word about that $404,000.00 of extortion money. We say that we have given Mr. DeLucia in our computations in this case full credit

for every dollar of extortion money that he could ever have received based upon the testimony at the extortion trial at New York. There is not a scintilla of evidence that he ever received any more money out of the extortion than the $404,000.00 that we have given him,
2177 even though Mr. Stewart attempted to draw that inference from the cross examination of Revenue Agent Ruggaber.

Mr. Ruggaber said that on the evidence that he had available from that extortion trial, Mr. DeLucia received two-ninths, two-ninths of the total of $1,800,000.00 that was paid out in extortion funds, and that two-ninths comes to $404,894.00.

It has never been admitted that Mr. DeLucia ever got that $404,000.00. Until Mr. Stewart in this court room attempted to get an inference that he could have received more of that extortion money than we have given him credit for, there has never been a suggestion that he got any more. There has never been a suggestion that he got as much.

Let's look at the record. After Mr. Ruggaber's examination of Mr. DeLucia, he prepared a report charging that he had received additional income in the amount of $227,000.00 for the several years involved.

The $227,000.00 is the difference between the $404,000.00 that we say he got and the $177,000.00 aggregate that he reported on his several returns during the years in which he was receiving extortion income.

2178 Mr. Ruggaber charged him with the tax on the additional income of $227,000. What did the defendant DeLucia do then? He filed a petition in the Tax Court challenging the accusation of the Government that he had received any of that extortion money.

He filed a petition with the Tax Court in which he denied that he had received any of the extortion money

and denied that he was obligated to pay a tax on the receipts of any such money.

He, Mr. DeLucia, signed that document upon his solemn oath, signed it and said:

> "Paul DeLucia, being duly sworn, says that he is the petitioner above named, that he has read the foregoing petition and is familiar with the statements contained therein, and the statements contained therein are true except those statements to be upon information and belief, and those he believes to be true."

Signed, "Paul DeLucia."

Mr. Stewart disregards this document as being
2179 a document prepared by a lawyer, and you know how lawyers are. Sometimes they say things that they can't prove. We will discard that for the moment.

The next time, in another proceedings in 1948, a document called a "Traverse" was filed. A traverse is a word which, in lawyer language, means denial.

In the body of that traverse appears the following language. The petitioner is Paul DeLucia.

> "Your petitioner states that your petitioner had nothing to do with the obtaining of this money nor did your petitioner receive any of it."

He is referring to the extortion payments by Bioff and Brown.

> "Your petitioner is not guilty of the charge made and by reason of some of the facts developed by the legislative committee including facts which your petitioner was unable to prove during the hearings, your petitioner states that his conviction rests upon perjured testimony."

2180 This might be called another lawyer's document, but it is signed two times by Paul DeLucia in pen and ink at the back, once attesting to the fact that he is Paul DeLucia and that this document is true.

That also is a lawyer's document. But if you recall, Congressman Clare Hoffman came into the court room and testified that he had conducted some sub-committee hearings out here in Chicago, and that Mr. Paul DeLucia appeared before him; that he was sworn upon his oath to tell the truth and that he, without any lawyer intervening, without any lawyer speaking for him, denied that he ever got any money from Willie Bioff. He denied he ever got any part of the extortion funds. He denied he ever got any of the money that was extorted from the unions as well as the movie producers. He denied he was guilty of the charge upon which he had been convicted.

Furthermore, he said that in 1946 when the settlement had been made on the taxes which were charged by Mr. Ruggaber, that the payment of the taxes had been made on his behalf by nameless and faceless friends
2181 to Mr. Bernstein, which friends he did not know, and the reason for it was because he did not have the money to pay the tax at that time.

2182 Denial No. 5 occurred in the testimony before the Kefauver Committee in 1950.

In 1950 he said—he used the—I don't think he used the language "bum rapped,"—he had been convicted and had not been guilty. He said he had nothing to do with the extortion money. Again, he was not—there was no lawyer between him and the interrogator.

It was Mr. DeLucia himself who was making the statements and he was making those statements under oath.

Shortly after the Committee hearings of Kefauver, Mr. DeLucia appeared before Special Agent Richard O'Hanlon. He appeared with his attorney Mr. Bernstein and he gave a statement to Mr. O'Hanlon in which he stated that in 1946 he had told Mr. Bernstein to sell the farm; he didn't have the money to pay the taxes which had been charged against him.

On his way out, Mr. O'Hanlon asked him if he had no money at that time, in that period of time, how did his wife live, while he was in the penitentiary? And he said she lived off the farm.

The farm has reported a net loss in every year,
2183 1948, 1949, 1950.

Again, when Mr. DeLucia was committed to Atlanta prison, he was asked by Mr. Gibson who took the stand and testified here, what his resources were and he listed them. He said, "I have a home in River Forest."

Mr. Gibson said, "Anything else?"

He said, "I have a summer home at Long Beach, Indiana."

Mr. Gibson said, "Anything else?"

He said, "I have a farm in Kendall County, Illinois."

Mr. Gibson said, "Anything else?"

He said, "That farm is subject to a mortgage."

Mr. Gibson said, "Anything else?"

That was the end of the line. He never told him about having any money in the attic or anything like that, whatsoever.

Six times under oath Mr. DeLucia has denied that he had any part in the extortion money, six times under oath.

The closest we ever come to having an admission by
him that he received any part of the extortion money
2184 is when Mr. Bernstein went into Joseph B. King's
office, the regional counsel of the Internal Revenue, and submitted two financial schedules.

At that time, Mr. King was permitted by Mr. Bernstein to copy the financial schedules which Mr. Bernstein had shown Mr. King and to which he had alluded.

One of those schedules was a document prepared by Mr. Bernstein which Mr. Bernstein said would show that

Mr. DeLucia had available resources at the beginning of 1948, from which these expenditures could have come, and, that document within its body states "two-ninths additional income, four hundred and four thousand eight hundred and ninety-four—and he has nine cents and we have thirteen cents. He wouldn't call it extortion money. He said "Two-ninths additional income" though the figure is practically identical.

2185 That is as close as we ever come to hearing that Mr. DeLucia had received any of this extortion money.

How is it possible for Mr. Stewart now to suggest that he would have gotten considerably more than the four hundred and four thousand that we credit him with having received?

I think we have shown circumstantially, ladies and gentlemen, giving Mr. DeLucia full credit for every dollar that he could have received and charging him with the expenditure of every dollar that we can prove that he spent, that he could not have had on hand in December, 1943, more than one hundred and fifty-five thousand dollars in available cash.

Let us turn, for a few moments, to the $300,000 story itself.

Where did it first arise and how was it first told? It was first told in the Kefauver Committee in September of 1950 and it came out in this fashion:

They had talked about the fact that these nameless men had paid the money, on behalf of Paul, or
2186 Louis, for the tax payment in 1946 and they had talked about the expenditures of Mr. DeLucia, during the years 1948, 1949 and 1950, so far that year, and they asked him where he got the money that he had. They asked how much he had.

He said, "$300,000."

They asked him how that came about, and he made some explanation. "I don't recall," he said. "I was mixed up in that."

He said, "What happened was I had some in the house and I had some in the vault and I went to the vault and I brought it to the house," before he went away to the penitentiary.

That is the first time that story was ever told and that is the manner in which it was told.

"I had some in the house and I had some in the vault and I went to the vault and I brought it to the house."

He did that before he went away to jail in January of 1944.

You recall the witness Shirley Torrey Dardis, secretary to Joseph Imburgio Bulger during that trial. After the trial was over, she returned immediately to 2187 Chicago and she arrived in Chicago on Christmas Eve. Mr. DeLucia, Mr. Bulger, could not have arrived in Chicago any earlier than Mrs. Dardis.

When did he have an opportunity to go to the vault and take it out and bring it to the house? When did he have an opportunity? Christmas Day?

It was Christmas Day that Joseph Bulger went to the house and allegedly went through this performance in the attic.

Bank vaults aren't ordinarily open on Christmas Day. I say to you that he did not got to any vault whatsoever and he didn't take anything out of the vault and bring it to the house, and why?

I have a great respect for Mr. DeLucia's intelligence. I think he knows what he is doing at all times.

In May of 1943 he sustained a $20,000 fire loss at his Long Beach, Indiana property. Mr. Rutledge, the insurance adjuster, testified that he had examined the premises and the house was one-third destroyed.

Is a man of Mr. DeLucia's intelligence, seven
2188 months thereafter, going to take $300,000 and stick it in the attic of a house, knowing that his residence was subject to a fire, just as his residence in Long Beach was subject to a fire?

Is a man like Mr. DeLucia going to take money out of a vault in a bank where it is safe and transfer it to a tin box in his house where it is subject to the onslaught of fire, of lightning and possibly of theft?

I don't think that Mr. DeLucia would operate that way.

2189 Consider the position of Mr. Bulger, attorney, counsellor at law, insurance advisor, sitting up in that bed room and suggesting to Mr. DeLucia that they stick that money up in the attic. He doesn't suggest to him that they take it down and open another vault if he is not satisfied with the vault he has it in, but, that they put it in the attic.

Instead of the story that Bulger has told before Joseph B. King and before the grand jury—and, one of the reasons why Mr. DeLucia wanted Joseph Bulger to hold the money and not his wife, was because he didn't trust his wife.

There is not a scintilla of evidence in this record that there was ever any marital discord in the DeLucia family. As a matter of fact, to do Mr. DeLucia his due, he happens to be a model husband and father in so far as his family is concerned. Married in 1927—they had three children who are grown.

There has never been a suggestion that there was any unhappiness in so far as marital relations were concerned. Not only that, but prior to 1943 and through 1943, the record shows that there was a vault at the
2190 First National Bank upon which the ones who were permitted to enter were Nancy DeLucia and Paul

DeLucia. That was a vault, if you recall, where, as the extortion money increased, the size of that bank vault increased. Every couple of years they doubed the size of the vault.

In 1943 they still held that vault and Mrs. DeLucia was still a proper entrant to the vault; if there was any doubt, she could always go to that vault.

Now, all of a sudden, why should he take everything out of that vault and say he is going to hide it from his wife? The story is absolutely preposterous.

Consider this: He didn't trust his wife says Mr. Bulger and he wanted to take care of his children.

I believe that is true, but I believe that Mr. DeLucia wants to take care of his children and I believe that he knows how to take care of his children and you don't take care of your children by hiding a tin box in an attic.

He wanted to take care of the children and if he
2191 was disturbed about what his wife might do with his assets, he himself had already decided how to take care of his children by buying insurance annuities and he could have bought more insurance annuities if he wanted to provide for their financial welfare subsequently.

Suppose this were to happen: Suppose this trusted friend and confidant, Joseph Imburgio Bulger, holding the one and only available key to that tin box in the attic, suppose he were to die while Paul was in prison? Suppose Paul were to die while he was in prison? There would be no one who would know about that $300,000.00. There would be no one to give the money to the children to take care of their welfare in subsequent years. The house might be sold. The money might never been discovered until a generation or two later when the house was being torn down and somebody who was not

a friend and not an attorney of Paul DeLucia might then be an unwitting heir to the $300,000.00.

Don't you think that Paul DeLucia has the intelligence to consider those various possibilities?

2192 Mr. Bulger—don't you thing he has the intelligence to consider those possibilities?

Ladies and gentlemen, the net result of that whole story in this analysis, as I give to you, I think, shows there was never a dollar in that attic. Think of this preposterous story, two grown intelligent men, sitting around in an attic counting thousand dollar bills.

Ladies and gentlemen, this never happened and I think the evidence in the case shows clearly and convincingly that it never happened.

Now, we come to the point in this case where I would like to discuss the 1943 to 1947 expenditures.

2193 During 1944, 1945 and 1946 and during the greater portion of 1947, Paul DeLucia was in prison but he had expenses, none the less.

He had expenses of his family. Now, Mrs. DeLucia never, the evidence shows, earned a dollar of income in her life. She might have gotten stock dividends, some minor amount, but she never earned a dollar income.

She is claimed as a dependent on every return that Paul DeLucia filed, except those returns which were joint returns, and then she is shown as his spouse, non-income-earning spouse.

Furthermore, if you recall the testimony of Mr. Gibson on the stand, when Paul went to prison he told Mr. Gibson in response to Mr. Gibson's question, "I have left my wife sufficient money to get along with, to get along on."

As a result, we are entitled to claim that the expenditures made by the DeLucia family that we are able to

establish during the period 1943 to 1947 inclusive, were expenditures made on behalf of Paul DeLucia, and reduce his cash available funds down to $48,697 at the
2194 end of 1947, the beginning of 1948.

On this chart that appears before you, at the bottom it says "Cash on hand, December 31, 1943, $155,637.53."

The reason for that is that that is a carry-over from the chart which ended in 1943.

2195 $155,000.00 was on hand at the end of 1943, and then, according to this chart, at the end of 1947 we have $48,697.00 on hand. That is the result of continued expenditures on behalf of the DeLucia family, there being no substantial income coming in during the years that Paul was in the penitentiary.

To graphically point out to you exactly what has happened in this case with respect to cash on hand, we have a chart there that shows the cash on hand that the Government allowed Paul DeLucia in this case in 1938, $173,076.00.

During the same period, according to his own records as submitted to Ned Klein, he claimed cash on hand at the end of that year of only $10,811.00.

In 1939 we allow him $180,000.00 possible cash. According to his own records, he claimed only $18,000.00 cash.

1942 we allow him available cash of $200,000.00 On the records submitted by Mr. Bernstein to Revenue Agent Armstrong, he showed available funds on hand of only $2,422.00.

2196 Then we come down to 1943. At the end of 1943, according to our computations, he could have had $155,000.00 on hand. But according to the work sheets that Gene Bernstein submitted to Revenue Agent Armstrong, he could have had only $2,324.00 on hand, of

which $200.00 was in currency and $2,124.00 was in the bank.

At the end of 1947 we credit him with having on hand $48,697.00, and that is the point where, according to the oral statements of DeLucia and Bulger, he had $300,000.00 in the attic.

Now, starting out with $48,000.00 in 1948, we have made, or the agents have made, and the evidence in this court room shows, that they have gone to great lengths to eliminate the possibility that Mr. DeLucia would have had available for expenditures during the years 1948, '49 and '50 income from sources that we had not accounted for in previous periods which might be considered to be non-taxable to him during the tax years in 1948, 1949 and 1950, the theory being this:

2197 We give him cash on hand of $48,000. In 1948 he can spend $48,000 before he receives any income at all. Beyond $48,000, though, anything that he spends must be income unless it is explainable by something other than the $48,000 cash on hand that we had at the beginning.

A loan would explain it. He claims that he had a loan. The record shows that he placed a mortgage on his Long Beach property for $40,000 with one Hugo Bennett in 1948. I will touch on that later.

The record shows that he had a $11,000 mortgage during that year 1948 also, or he had a loan at the bank of $11,000. He also borrowed another $40,000, according to the mortgage records, from Hugo Bennett in 1950.

Now legitimate loans constitute a source of funds which are not taxable to the recipient upon the returns. It is perfectly obvious because he will have to repay those loans at another date. It is not really income to him. It is money that he is entrusted with to use for a limited

period of time subject to the right of a lender to collect it back at a later date.

2198 So the agents in this case, as they are required to do in a case of this nature, have made an extensive, a back-breaking investigation to determine what possible assets could have been accumulated by Mr. DeLucia up to the end of 1947.

I might say that the only lead the Government ever got in this case was the story that he had $300,000 in the attic. The agents in this case, in order to run down all possible leads, investigated Probate records. They investigated state and gift tax records of the Internal Revenue Service. They investigated land title records. They searched for stock and bond holdings. They searched bank accounts. They contacted insurance companies.

They even went so far as to dig up a statement made by Nancy DeLucia in 1945 to a deputy collector in this building.

As a result of the investigation, we feel certain that we have plugged up all possibilities of other money being available to Mr. DeLucia at the end of 1947 over and above the $48,000 that we have allowed him.

2199 Now, if he spends in 1948 money over and above that $48,000, it has either got to be accountable for by loans or by income.

Let's take a look at the expenditures in 1948, 1949 and 1950.

In 1948, Mr. DeLucia spent—and the spending of this money is listed on his parole reports, which are here in evidence and which will go to the jury room with you—he spent $217,107.27.

The Government gave him credit in our computations from the stand here of having $48,697 cash on hand at the beginning of the period. We gave him credit for a loan at the First State Bank, Forest Park, a loan of

$11,000. We gave him credit for gross farm receipts that were indicated upon his return—we didn't have any net farm receipts because the farm operated at a loss, but we gave him credit for the gross of $30,000.

The net expenditures that he then had, and by "net" I mean expenditures that could not be accounted for by income other than earned income or taxable income during that year, the net expenditures were $126,776.

2200 At the same time we have to add to that the bank balance at the end of the year 1948, which is $9600.00, and he has $136,000.00 of excess expenditures over funds available. The net result, after giving him the benefit of deductions, is that he had taxable net income of $131,616.63 in that year 1948.

We have not given him credit for having received a mortgage of $40,000.00 from Hugo Bennett in that year, and I will discuss that shortly.

In 1949 he spent, according to his own parole reports, according to the stipulation that is here in evidence, $120,933.14, giving him credit for any available funds the same as we did in 1948. He had net income at the end of that year, net taxable income, of $34,002.00.

In 1950, again, based on his parole reports, he actually spent $118,770.00, and we have given him credit for funds available which brings down his net expenditures that can be accountable for out of nothing else but taxable income, brings those expenditures down to a net income figure of $61,915.14.

Now, as I say, we have given him credit for every

2201 possible item of income or resources or assets that he could have had at the beginning of the period. We have given him credit for every legitimate loan that he obtained or loan that we could not prove was illegitimate in the years 1948, 1949 and 1950. We have not

given him credit for the alleged Hugo Bennett mortgages.

Now, our reasons therefor: I would like to point this out as an aside. What kind of operation is this, where a man in one breath says that he has $300,000.00 stored in a tin box in his attic, and in the next breath he has got to borrow $40,000.00 from a friend?

About the mortgage itself, Municipal Court Judge Joseph Butler testified from the stand that a long time schoolmate acquaintance of his, Hugo Bennett, came to him and said I want to loan some money to Paul DeLucia and Judge Bennett or Lawyer Bennett did not know who he was. He said I want everything legal. I want the papers drawn up. I want everything legal. But it is a mortgage for $40,000.00 on which there is no principal and no interest payment due for five years.

That is a pretty nice mortgage.

2202 Consider the background of Hugo Bennett. He is an official of Sportsman's Park race track in Chicago, Illinois.

The witness Wilczak, the electrical contractor, formerly employed by Alex Ponzio, the son-in-law of Paul DeLucia, testified to the influence that Paul DeLucia obviously exercised at Sportsman's Park race track. He testified to having seen Hugo Bennett down on the farm at what appeared to be a meeting of men in one room and women gathered in another.

Then there was the uncontradicted and un-cross-examined testimony of George Frederick Dick, III, the banker from Bloomington, Illinois, who said that when he told Mr. DeLucia that he had discovered a second mortgage on the Kendall County farm, the time that the farm was being sold by DeLucia, and that they would have to have a release on that mortgage because the purchaser desired to acquire the property mortgage free,

Paul DeLucia said there will be no trouble, it is a friend; I don't owe it anyway.

2203 Who knows better whether he owes it or not than Paul DeLucia? I think that is sufficient basis for you and us concluding that the Hugo Bennett loans were nothing.

Let's explore the possible reasons why the loans were made, why they were made of record, why everything was made legal, or at least to look legal.

Paul DeLucia has reported money on the expenditure basis all his life. He knows more about the expenditure basis of reporting income than I do.

He knows that in the year when he is spending money like a drunken sailor, that if he makes a loan, that means so much of that loan is concerned, that money can be considered to be non-taxable. It is perfectly obvious. It goes back to 1938 and '39.

In 1938 and '39, he was spending money wildly. He was building additions on the Long Beach property, buying and building additions on the River Forest property. He was spending money so rapidly that he knew that it was obvious that he was spending money and he had to do something about it.

He wasn't reporting enough on his returns. So,

2204 what does he do? He puts a $30,000 mortgage on the River Forest house with a fellow named Steve Matalone. That was a mortgage on which he stopped paying interest in 1942. He never paid another dime of interest and never paid anything on the principal until 1951, at which time he sold the Kendall County farm. That mortgage itself was a very suspicious operation.

We have given him credit for having had those funds from a non-taxable source. But it shows the awareness

that he had and has of the use of loan money in a currently taxable year.

That is the reason why he goes to Hugo Bennett in 1948. He is spending money too fast.

On his parole reports month by month by month, he must tell the parole officer how much he is spending and must tell him where he gets it. The only thing he says on there is "I get it from previously acquired funds."

He knows that he has got to have a ready explanation for some of these funds, so he makes a loan with Hugo Bennett. What better explanation can you have than that you made a mortgage with a friend?

2205 Consider his discussion of the 1950 mortgage when inquiry was made about that before the Kefauver Committee. They asked him about his $300,000.00. They asked him why, why would he have to borrow $40,000.00 from a man like Hugo Bennett?

One of his responses that I recall so vividly was this: "I was told when I was a boy to always have cash money on hand."

Whether you need it or not, you go out and borrow money, according to that analysis. But in 1950 he tells the Kefauver Committee that all he has is $40,000.00 left now, out of everything, borrowed and previously acquired funds, and it just happens that he has recently borrowed $40,000.00 from Hugo Bennett.

That, incidentally, is not at all consistent with Mr. Bernstein's cash analysis as submitted to Mr. King. Mr. Bernstein finds, even by his distorted figures, that Mr. DeLucia had at least $51,000.00 left on hand at the end of 1950.

Take a look at this, however, also. Mr. DeLucia was under investigation, that is to say, he was being in-

terrogated by the Kefauver Committee in 1950, and
2206 immediately thereafter, if you examine his parole reports, the spending on those parole reports drops miraculously. When he knows somebody is looking at what he is doing, he stops spending.

I have talked to you a good deal, I think, about the question of the opening cash on hand. I have talked to you about the reason why in our computations we have not allowed the Hugo Bennett loans.

I think that our evidence establishes a very tight starting point. I think it establishes an unimpeachable starting point. If you recall, the examination of our agents was very limited, the cross examination, I mean, and there has been no effort that I could determine or detect which would tend to bring out the possibility of any areas that we have not searched or areas that we have not covered.

2207 And now, I would like to talk to you about this problem—it is not really a problem because if we have a tight starting point, as I think we have, it isn't necessary to do anything further: Once you show the expenditures, you are entitled to infer that those expenditures are from income received in the year in which the expenditures were made.

We have some evidence of source in this case. We have some evidence to show that Mr. DeLucia was gainfully occupied in 1948, in 1949 and in 1950.

Let me start with this: In 1948—pardon me. In September of 1947, I believe is the date that he opened a bank account in Forest Park, Illinois, he started dumping money into that account, currency—thousand dollar bills; in September, 1947, $6,000, currency; January 6, 1948, $2,500.00 in currency; March 2, 1948, $5,000 currency.

It looks like March 15, 1948, $5,000 currency. March 30, 1948, $11,000, proceeds of a note—that is that mortgage we credited him with in 1948, that is a personal loan at the bank, $9,000 cash—making a total deposit of $20,000 on that date.

2208 April 16th, currency, $5,000. May 4th, a small deposit of $53.00.

May 6th, a check of $10,000.

There is another one. I can't read the date on it. It is in 1948, a check of $3,000.

May 5th, May 25, 1948, currency, $10,000. June 4, 1948, currency, $5,000.

I won't read any more of these, ladies and gentlemen. It goes on and on, and, during the course of the year, he drops about $100,000 currency into that account.

That gives every evidence of being money that he was receiving, from time to time, during the year 1948. That isn't the action of a man who goes up into an attic and pulls out his tin box and dumps it into the bank.

So from time to time, as the money comes in, he makes deposits in the bank, as necessary to write checks against his account, always in currency, nice round sums.

2209 Now, you may recall when we were reading the Kefauver testimony, that story about how the 1946 setflement was made, whereby Eugene Bernstein sat in his office and received money for Paul and money for Louie on his desk; subsequently made the payment.

Mr. DeLucia was asked if he knew who those people were, and he said, "No." Had he made any effort to find them? He said, "No."

Why? Because he was on parole and his parole officers had advised him that he could not associate with people whom he had previously associated with; that that would be considered a parole violation and, as a

result, he could not look those people up; he would do that after his parole was over, but right now, he couldn't do it.

You may remember also, in that connection, that when Mr. Bernstein appeared on behalf of Mr. DeLucia, before Joseph B. King, among other things, he explained to Mr. King that Mr. DeLucia could not have had any business operations, could not have had any taxable income during 1948, 1949 and 1950 because he was on parole and a man who is on parole is watched and cannot
2210 associate with unsavory characters who might be the source to him of illegal gains and income.

But, you recall the testimony of the witness Winkleblack. Not only did Mr. DeLucia associate with these people when he was on parole but they met with him in prison, Francis Curry, Tony Accardo, who came down at the prison to consult with the boss about the operations of the machines.

After he was on parole, he met with Francis Curry and Tony Accardo, Hugo Bennett and others whose names we do not know met with him at his farm house in Kendall County, Illinois, met with him in his home in River Forest, Illinois, used influence to obtain work for his son-in-law, wiring the bookies in Chicago and Cook County, electrical wiring of booths, a Sportsman's Park man.

Another bit of evidence concerning source, he reports on his income tax returns for 1935 through 1943 various sums of miscellaneous income.

He is, at one time, asked by Revenue Agent Klein what the source of miscellaneous income is and he says, "Gambling, I gamble."

2211 Revenue Agent Klein and Revenue Agent Ruggaber later told us that the word "miscellaneous" and

the word "gambling" are euphonisms, they are cover words, they are words used to describe income from illegal sources that the maker of the return does not care to further describe. He does not want to let the actual source be known. Do you remember that? Do you remember how Mr. DeLucia reported in the years 1935 to 1943 this miscellaneous income?

2212 We say the great bulk of that miscellaneous income resulted from the extortion money that he received during that period of time.

But, now, look at the returns for the years 1945 through 1954. Stop with 1953.

The returns for 1945 through 1953, those years; Mr. DeLucia is on parole—pardon me. From 1945 to 1947 he is in prison but from 1947 through 1953 he is on parole.

You do not find a dollar of this miscellaneous income during that period of time.

In March of 1954 he gets off parole. He is a free man again. Now he begins to report income in the customary $70,000 figure from "Personal gambling at the track."

That is another euphemism, "Personal gambling at the track."

"Personal gambling at the track" in the State of Illinois is not illegal but I doubt if Mr. DeLucia was any better able to pick the horses at the track than any one of us and I doubt if any one of us could come anywhere near making, year in and year out, $70,000 a year at

2213 the track from personal gambling.

By the Court: Can you stop here and let the jurors go?

By Mr. Barnett: I guess there will be a little bit more, your Honor.

By the Court: All right.

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2214-2215 * * *

2216 * * * And Thereupon Mr. Barnett Further Addressed The Court And Jury In Argument On Behalf Of The Government.

By Mr. Barnett: Good afternoon, ladies and gentlemen.

By the Court: I want to say this, Mr. Barnett. You may sit down, if you wish, you have a cold, because I have authorized Mr. Stewart to do the same thing if he wants to, and he indicated he would. So if you wish to sit down, you may do so.

By Mr. Barnett: Thank you very much, your Honor. I feel a little more comfortable standing, though.

2217 At the recess, ladies and gentlemen, according to my notes, we were discussing inferences of source. You recall, to sum it up in a brief minute or two, we talked about the testimony of the witness Winkleblack that down in prison Mr. DeLucia was visited by Accardo and Curry concerning business interests.

Then back in Chicago, the witness Wilczak testified to the influence of Paul DeLucia in getting contracts in connection with Sportsman's Park and various bookies.

Mr. DeLucia's returns before and after the parole period show income from sources such as gambling or miscellaneous.

These things, I believe, lead to a fair inference that Mr. DeLucia while he was on parole never ceased whatever the activities were that produced the income for him prior to 1944, and he came out in the open on his returns with it after he was released from parole.

2218 But I don't think for a minute that he abandoned his old associates while he was on parole and then took up with them again after he came off parole. I think the inference is clear that his association re-

mained the same throughout the period he was on parole, and he still had available to himself the same source of income, whatever that may be, that he had prior to the time he went away to the penitentiary.

2219 Now, I think I mentioned to you that if the Government is in a position to show a possible likely source of income on the part of a taxpayer who is spending money over and above what he reports on his return, then we are entitled to infer the money that is spent over and above that reported on his return, is unreported income in that year because there is a source from which it could have been obtained.

There is an alternative method of proof and that is, if you block out all non-taxable receipts, such as we have done in this case, then you, by that alternative method, show the unreported income or, rather, that the expenditures in that year must have been derived from an income producing source rather than from a non-taxable source, or, rather than from cash on hand in the beginning of the period.

We, I think, have done both things in this case, both things.

I think that his Honor will instruct you that if you find in either event—if you find that we have established source or if you find that we have blocked off in

2220 the beginning of the period all non-taxable receipts that would have been available to him during the taxable period involved, in either event, you may find the disbursements he made during the years 1948, 1949 and 1950 were the result of taxable income received by him during those years, which income was not reported on his returns for any of those years.

He even reported a loss on his returns during each of those years.

He reported a loss on each return for 1948, 1949 and 1950, despite making large expenditures.

It is inconceivable that a man would be spending his capital, spending his capital, having no available income, but spending his capital in those large sums that this man was spending them during the years 1948, 1949 and 1950. He had to have a source of income. He couldn't possibly have been spending everything that he saved up during those years without having income coming at the same time.

There is one thing that I didn't mention this morn-
2221 ing with respect to the likelihood of Mr. DeLucia having the money on hand any different than what we have attributed to him.

You recall that Mr. DeLucia purchased a number of insurance policies throughout his lifetime. In 1938, among other policies purchased, he purchased one on his own life which called for the payment of a $2,000.00 annual premium. In 1943, by the terms of the policy he didn't pay any more premiums. The policy was converted into a paid-up policy in 1943.

In 1944 the policy of himself and his wife in the Italo American Union became paid-up policies by virtue of the clause in the policy that made it paid up if premium payment stopped, and premium payments stopped.

In 1946, by virtue of the automatic loan provisions in the policies with the Northwestern Life Insurance Company, the premiums were paid out of the cash surrender reserve value in the policy and it was treated as a loan by the insurance company and he permitted those payments to be made that way subsequently until 1949 and 1950.

2222 It wasn't until 1951, after he had sold the farm at Kendall County, that all of his policies were restored to their regular coverage and their regular payment of premiums.

That's all I want to say for the present, with respect to the attempted evasion of income taxes in the years 1948, 1949 and 1950 on the part of Paul DeLucia.

That refers to the first three counts of the indictment.

I would like now to talk for a few minutes about the last count of the indictment, the conspiracy count.

That count of the indictment charges:

> "Paul DeLucia and Joseph Imburgio Bulger conspired together to make false statements in a matter within the jurisdiction of the Treasury Department."

And, of course, you know so well by now that the false statements they are accused of having conspired to make, were the false statements concerning the $300,000 in the attic. If that statement is false, and there 2223 was no $300,000 in the attic, nobody knows it better than Joseph Imburgio Bulger.

In his opening statement, Mr. Green said that the story of Joseph Imburgio Bulger was a real American story. He said that the evidence would show that Joseph Imburgio Bulger, by the time he was 32 years of age, had amassed, by his own efforts, nearly a million dollars.

When you amass a million dollars by your own efforts, you amass it by virtue of earning income that is taxable when you receive it.

What did the evidence show? What did the evidence show? Mr. Gaynor, the insurance general agent, testified that he had known Joseph Bulger from 1923. In that year Joseph Bulger was 23 years of age. And, that he had known him as a teller in the Prairie State Bank, I believe it was. But, at any rate, he was a teller in a bank closed in the depression year, 1932.

The records of the District Direct of Internal Revenue here showed that while Mr. Bulger was employed by the bank as a teller, he was filing income tax returns, income tax returns that, in the language of the Bureau, are

2224 called "N.I." returns, income tax returns that do not reflect the receipt of enough income to require the payment of a tax.

He didn't file a return that was taxable until 1935—a man who was nearly a millionaire by the time he was age 32, and, he was age 32 in 1932.

Let us go to what we have shown to be—we are not sure that it is the first association between Paul DeLucia and Joseph Imburgio Bulger, but, at least, it is the first association that we have been able to trace in this court room.

2225 That association, as far as we know, starts with the founding of the Italian Village at the Century of Progress in 1934.

You may recall the testimony of Mr. Hugh Garden, the 84 year old architect. He testified that in the early part of 1934 he conceived the idea of building an Italian Village. He drew the plans and sketches for the Italian Village. He went to the Italian consulate to obtain backing for the building of the Italian Village. He went to the World's Fair authorities and procured an option on a portion of the Fair upon which he could build such a village.

Subsequently he was approached, he received a telephone call, and then he held a meeting at a restaurant with men, several men, many men. They had several meetings. He named some names. A quiet but important member of that group was the man then known as Paul Salvi, now known as Paul DeLucia. Another member of that group was the man then known as Joseph Imburgio, now known as Joseph Imburgio Bulger.

Joseph Imburgio, at that time, Mr. Garden said,
2226 was the businessman; the front for the operation.

But when he wanted money to pay contractors, who did he call? Not the president. He called Paul, and

the next morning Paul would be in and the money would be on the desk in long green bills, $5,000.00, $10,000.00, $18,000.00, in thousand dollar bills, it would be on his desk, and he would relay the money to the contractors who were requiring the payment.

Mr. Garden testified that the cost of construction of that building, rather that village, at the Fair, was between $180,000.00—I think he said $180,000.00 even.

The books of Schmidt, Garden & Erikson Company, which are here in evidence, indicate that the total construction of that village—I am talking about these books plus the subsequent books that were shown in the bankruptcy—showed that the actual total cost of the Italian Village approximated $190,000.00.

2227 They also show, and as Mr. Garden testified, that not all of the cost of the building funneled through Schmidt, Garden & Erikson. Part of the cost, a little better than half, was paid for by the group, this group of persons who were organizing this venture, paid by them on their own behalf to outside suppliers, and they didn't clear through the architect's office.

The books of Schmidt, Garden & Erikson show that approximately $90,000 cleared through the office of Mr. Garden by the hand of Paul Salvi, now DeLucia, dropping it on Mr. Garden's desk—$90,000.

Then you recall that we introduced the evidence concerning the bankruptcy of the Italian Village, showed the bankruptcy file. There are a couple of reasons for introducing the bankruptcy file. One of the reasons is this: Paul DeLucia apparently handled $90,000 in the year 1934. The bankruptcy file proves conclusively that he didn't get any of that money back. He didn't get any of that money back. It was a complete flop, a total loss

2228 We don't know whose mony that $90,000 was. We don't know how much, if any of it, belonged to Paul

DeLucia. But whatever it is, it is money that went down the drain in that bankruptcy proceeding, and it is money that was not subsequently available to him for any purpose and could not have become a part of his cash on hand in any of these years that we have treated.

That is one purpose for showing you the matter of the Italian Village bankruptcy. There is something else involved there, though.

Joseph Imburgio was the president of the Italian Village and Joseph Imburgio was questioned in the bankruptcy proceedings by an attorney named Pennish.

In that questioning Mr. Pennish was attempting to find out from him where a certain $90,000 came from. He had an explanation for it. It was broken up into two parts, $45,000 and $45,000.

He said that he got one $45,000 in currency from a man named Edward O'Hare. Who is Edward O'Hare? An official of the Sportsman's Park Race Track.

2229 He said he got $45,000 from Edward O'Hare, and if you listened to the questions and answers in which that story was given, it was very peculiar. First he said Edward O'Hare came in and gave him the money at the bank. Then he said he wasn't there when Edward O'Hare came in with the money at the bank. Then he said the money was left by Edward O'Hare at the bank and given to him, Imburgio, by a man named Spring at the bank.

That was one $45,000. What about the other $45,000 in another story about money in a box? He said, "It was my money; I am a man of means. It was my money."

He was asked if he kept it in a bank, and he said, "No, I kept it in a box. I had that $43,000 in a box, and I just took it out of the box and I fed it into the bank account of the Italian Village—" no, I don't think he even fed it into the bank account.

2230 Now, there is something else about that. Joseph Imburgio was questioned at some length by Mr. Pennish about other people who had interest in the Italian Village. He said there were no other people that had an interest in the Italian Village. The only interests were those that were of record, either the creditors or the officers or the stockholders of the Italian Village. Paul Salvi Ricca DeLucia's name does not appear any place on the record of the Italian Village or in the bankruptcy proceedings whatsoever.

Did Paul have an interest in that Italian Village? Was Joseph Imburgio covering for Paul in the Italian Village?

You may recall that in the 1957 grand jury proceedings, I asked Mr. Bulger what he knew about the Italian Village. When we started out, I thought we were talking about a restaurant, and he turned it into the Italian Village at the World's Fair, which was correct.

He told us nothing about Paul DeLucia being interested in the Italian Village at the World's Fair in 1934.

2231 He, in that connection, said that between the years 1934 to 1939, his contact with Mr. DeLucia was in the sale of insurance.

Incidentally, in that connection, he being an insurance man, sitting up in that attic counting that $300,000.00, he knew what insurance Paul DeLucia had on that house on Lathrop Avenue in River Forest. He had a total of $31,000.00 in insurance on that house at the end of 1943, and at that time and place he had an investment in that house, a cost investment of more than $68,000.00. He had the house insured for less than half of its actual cost to him.

The attorney, the insurance counsellor, is going to let him put a box containing $300,000.00 in an attic in a house that is only half insured?

At any rate, getting back to the association between Paul DeLucia and Joseph Imburgio Bulger, after the bankruptcy proceeding, as far as we are able to learn, nothing much of an exceptional nature occurred in the relationship between the two men.

During that time Mr. Imburgio changed his name to Bulger and went to law school nights so that he
2232 would be better able to serve the interests by whom he was employed. Then in 1943, the extortion indictment is returned, and then we see Joseph Imburgio Bulger, the millionaire bank teller, the insurance counsellor, the lawyer, running around Chicago and New York with a satchel full of money, paying bail bonds, paying for collateral on bonds, all in currency—the bag man.

I pointed those things out to you, ladies and gentlemen, to show the close association between the two men in the years prior to the time when the indictment—when the conspiracy, as it is charged in the indictment, began.

It is charged in the indictment that the conspiracy began in 1950 and we have talked about their association prior to 1950. Of course, that association doesn't prove that they conspired in 1950, but it does show something about their state of mind, about their intent, about what they might be inclined to do for one another.

2233 Now, what is the sequence of events concerning the conspiracy as charged in the last count of the indictment?

In September, 1950, Paul DeLucia appears before Kefauver and he says at that time, "I have $300,000 in the bank," when he came out of prison—not in the bank, "in the house."

That is the time he said, "Before going to prison, I went to the box, I went to the vault, and I took some out and I had some at home and I put it together, in the house."

On September 1, 1954, Paul DeLucia, Scott Stewart, Eugene Bernstein came into the Treasury Department and they appeared before Thomas M. Smith, Richard Stonesifer and John Scholz, and, in effect, what they said at that time and place was, "We stand on our story as told to the Kefauver Committee."

There were no leads offered at that time. They said, "We stand on our $300,000. Upset it at your peril."

Mr. Smith said, "Well, gentlemen, true, that is a story that has been told by the taxpayer but it is an uncorroborated story."

2234 The meeting ended and shortly thereafter, the case was referred to the Office of the Regional Counsel and, Assistant Regional Counsel Joseph B. King analyzed the case, sent a letter to the taxpayer and to his counsel of record, Eugene Bernstein, telling him that he had the matter for review; would they like a conference to present any matter of defense?

Eugene Berstein came in and presented a matter of defense. That was when Eugene Bernstein came in and said, "I have a schedule of funds available."

That was when he said for the first time, Paul DeLucia had money in the amount of $404,894, not identifying it as extortion money, but, for the first time, claiming that perhaps Paul could have gotten that money.

Mr. King said to Bernstein, "What about this $300,000 story? I am interested in hearing all the surrounding details. I am interested in obtaining any corroboration possible of the taxpayer's story about the cash on hand."

Mr. Bernstein was prepared to give him corroboration. He said, "I have a lawyer in town who was there and who counted the money."

2235 He didn't come out with the name of the lawyer at first.

But, later, in the conversation, he advised Mr. King

that it was Joseph Imburgio Bulger. He said, "There was a lawyer and one other person whose name I do not know who counted the money."

Mr. King said, "I would be very happy to hear what Mr. Bulger has to say about the $300,000. Produce him."

Mr. Bernstein said he would produce him and he would notify Mr. King of the time and date when he could produce him.

Subsequently, Mr. Bulger was produced by Mr. Bernstein, on November 19th, when he came into Mr. King's office and gave a reported statement.

You recall in the Grand Jury Mr. Bulger testified he went there at the specific request of Mr. DeLucia; that he went first to Mr. Bernsteiin and told Mr. Bernstein of that at the request of Mr. DeLucia. That when Mr. Bernstein said, "I think you ought to tell that to the Revenue Department," and he said he did not like to do that. He then received another call from Mr. De-
2236 Lucia; in response to that call, he went back to Mr. Bernstein; he made arrangements to go into the Revenue Service to repeat the story.

2237 So, then, on November 19, 1954, Mr. Bulger came in before King and told this incredible fantasy of counting $300,000.00 in the attic.

At that time and place, Mr. Bernstein informed Mr. King that he had been mistaken about other persons having knowledge of the $300,000.00; that there was no other person. This is Joseph Imburgio Bulger who is telling Mr. King about having counted that money. This is the same Mr. Joseph Imburgio Bulger who handled all the insurance on the River Forest home and the fire loss in May of 1943 on the Long Beach, Indiana, home.

I believe that all of the evidence in this case, and all of the other evidence that we have discussed shows conclusively that this $300,000.00 was a myth, was a myth,

that that meeting allegedly occurring on Christmas Day of 1943, if it took place at all, it was not for the purpose of counting out $300,000 in a tin box.

If you believe that Bulger and DeLucia discussed this matter in 1950 before he went before Kefauver, this is the date on which the conspiracy began as alleged in the indictment.

2238 In any event, this conspiracy had to begin before Mr. Bulger went in to see Joseph B. King. It had to begin before that date, November 19, 1954, and it continued down to and including the date of the indictment and Mr. Bulger was acting in furtherance of this conspiracy when he came in before the grand jury in February of 1957 and again told the big lie about that $300,000.00.

We have discussed at some length the inherent improbabilities of this $300,000.00 story. There is another little facet of that that is extremely interesting.

In the January—or, rather, in the February session of the grand jury, Mr. Bulger was presented with Paul DeLucia's 1943 income tax return. When he looked at the return, he said, "I prepared that return." There is no signature on that return of the preparer.

Then, apparently, he got the significance of what the preparation of that return might mean, and he said, "I don't think I prepared that return. I don't know whether I prepared that return. Maybe I prepared that re-
2239 turn. Probably I had something to do with it."

We know he had something to do with it because he wrote this letter to Mr. Thompson, the warden of the United States Federal House of Detention, New York City, on March 13, 1944:

"Dear Mr. Thompson:

"I have mailed, under separate cover, income tax schedule for Mr. DeLucia's signature, and would ap-

preciate it very much if you would see that he signs it properly and put it into the mail immediately.

"Thanking you for this courtesy, I am,

"Yours very truly,

"Joseph I. Bulger."

He sent that 1943 return to New York, to the House of Detention, for Paul DeLucia's signature.

Why was he concerned about the question of whether he prepared that return? I will tell you why. Do you recall the testimony of Revenue Agent Armstrong that he audited the 1942 and 1943 returns of Paul DeLucia;
2240 that he audited those returns from work papers that were provided to him by Eugene Bernstein; that those work papers showed that Mr. DeLucia had reported income in those years also on the expenditure basis; that those work papers showed that he had approximately $2,000.00, or a little more or less in the bank at the end of 1942 and again at the end of 1943? Those work papers also showed that he had personal cash, in addition to what was in the bank, of $200.00 at the end of 1942 and at the end of 1943.

If Paul DeLucia had $300,000.00 on hand at the end of 1943, on the basis of the way in which he filed and prepared his own returns, that meant that it had to have been taxable income to him during the calendar year 1943 because he started out the year with $200.00 and he would have wound up the year with $300,000.00 cash.

Joseph Imburgio Bulger knew that. He said to himself, "If I prepared this return, what about the $300,000.00?" And, it is obvious. If he prepared that return and if Paul DeLucia had $300,000.00 on hand at the end of 1943, that was a fraudulent return prepared by Bulger because the $300,000.00 would have to have been accounted for on that return as income in that year.

2241 On the other hand, if he prepared that return and the return was right, then he was telling a lie

about the $300,000.

That is why he was so concerned about who prepared that return. He didn't want to get near it with a ten foot pole.

There is another little bit of evidence that has some bearing upon this feature of the case: Do you remember the testimony of the former Revenue Agent Stonesifer? He had two meeting with Mr. Bulger while he was investigating the liability of DeLucia.

In the first of those meeting, he asked Bulger to tell him about all of the dealings, business dealings and otherwise, that he had had with Mr. DeLucia. Of course, he didn't tell him anything about the $300,000. But, aside from that, he denied having paid a fine on behalf of Mr. DeLucia of $10,000.

So, Stonesifer went away and he came back another day and he said, "Mr. Bulger, while I have been away, I have talked to someone named Corcillo and he tells me that you paid the $10,000 fine to him, and, I have read the testimony of Mr. DeLucia before the Kefauver
2242 Committee and there he said he gave the money to you, Mr. Bulger," and Bulger said, "If Paul says he gave it to me, I won't deny it."

If Paul says anything, he won't deny it. He would do anything for Paul. He is the front man for Paul. He is the bag man.

Ladies and gentlemen, the soul of the Biblical character Ananias resides within the carcasses of both of these defendants here on trial and the truth is a stranger. They tell any story that comes into their heads, that suits the convenience of the moment.

To quote Mr. DeLucia before the Kefauver Committee, he even gives any name that comes into his head. Ladies and gentlemen, I believe that the evidence in this case

proves beyond any peradventure of a doubt that Paul DeLucia willfully, deliberately and knowingly attempted to evade and defeat his Federal income taxes for the years 1948, 1949 and 1950.

I believe that it shows conclusively, beyond any reasonable doubt, that he and Joseph Imburgio Bulger conspired together to make false statements for the very purpose of helping to evade Paul DeLucia's Federal
2243 income taxes for those years.

I have finished with my summation of the evidence, ladies ad gentlemen. I ask you to keep an open mind until you have heard what the defense have to say to you, they being now privileged to address you next, and I will have an opportunity later of again addressing you in answer to what they say to you.

Thank you very much.

* * *

2244 * * * And Thereupon Mr. Stewart Addressed The Court And Jury On Behalf Of The Defendant De Lucia As Follows.

By Mr. Stewart: Gentlemen of the Government, gentlemen of the defense, ladies and gentlemen of the jury:

I have asked the Judge for permission to sit down because I don't think I could make it if I stood all through the time. You notice Mr. Barnett would stand as he produced his evidence and didn't think anything of it. There was a time when I rushed about, pounded the table, and did all the things young lawyers do, but the time is coming now where I have to pull up a little.

It probably won't be long before younger men like Mr. Barnett, Mr. Gorman and Mr. Green will be stepping
2245 in, and I will have to step out.

I want to first—of course, it is usual to bow a little bit. The Chinese have a proverb. They say "When you bow, bow low."

It is usual for lawyers to address a jury and first tell them how intelligent they are, and all that. I am not going to do that because I am going to say to you now to start with that actions should speak louder than words.

I think we have shown by our conduct and our actions that we have a great deal of confidence in your giving us a fair hearing. That doesn't mean that the case has to come out not guilty. It can come out guilty, but we like to hope that before it does, we have had the benefit of your consideration and intelligent consideration.

2246 Before I start talking about the case, I want to thank the Judge for his courtesy. It is a pleasure to work in this court room. You know, different Judges are different. Shakespeare said, "Comparisons are odious."

I don't want to reflect on other Judges, but, I have had experience in other court rooms. Judge Miner is always friendly and genial and he likes to see that you are comfortable and he has got that sort of personality which makes it comfortable for the lawyers, too, because it is entirely different here and the atmosphere is entirely different, if you are working with somebody who is different in that regard.

I want to give a word of thanks to Mr. Barnett, too, because I notice it when I have to try cases against lawyers who try to talk while I am talking and try to out-shout me and try to keep me from talking. If you are opposed to a lawyer such as that, you have to put up with him and do the best you can and sometimes you out-shout him or try to shame him into keeping quiet and giving you your turn.

2247 But, you will agree, we have endeavored to present this case, on both sides, that is, as orderly as it was possible.

And, I want to talk to you about the presentation, for

a moment, because you have a very important part in the matter. Mr. Barnett in his answer to the Judge's question one time estimated that this case would take about nine weeks to try. Well, we have tried it in two weeks.

You remember that in my opening statement I said, "One of our dangers is confusion," and I have tried all through the case to eliminate it and it hasn't been easy.

To start out with I offered the prosecution a stipulation. You know, that under the Constitution, any young law student or a young lawyer just getting his license can come into court and say, "You have to prove everything." The Constitution provides that the witnesses must come here and face us so that we can see them and examine them. We don't have to stipulate to things or agree to things.

But, I was anxious to do it because I was trying my best, sometime ago, looking forward to this day when we reached the argument,—I was trying to avoid
2248 what I was sure would happen if it took nine weeks trying this case: We would wind up with just about the defects we have in the case.

I think I can show you, if you haven't seen it already, that they have certain defects in their case that will never be overcome. If they spend nine weeks here putting in expenditures that we don't dispute, why, it is possible that some businessman might figure, "Well, they must have a case; there is so much of it; there must be a case there."

2249 I want to call your attention to another thing that happened here. Whether or not you appreciate it, depends on what your experience has been in court. There are all kinds of lawyers, of course, and some of you were on juries before. Maybe this happened before you, when you were on the other juries—here is what happens:

The lawyer for the plaintiff puts on a witness and after he gives his name and address and he is asked some questions, why, the defense will object and say, "What is the purpose of this?" And, the Judge might ask of the plaintiff, "What is the purpose?" So that the plaintiff is required to state his object right then and there, what the object of this proof is, and then, the defendant objects on the ground that that isn't good enough proof, and it has this defect in there and that defect in it.

Well, of course, if yo have served on juries on other occasions, you know that the judges are on to that; they know what the lawyer is doing. He is indirectly arguing to the jury—he can't wait until his case is over; he is afraid that the jury might get some impression that
2250 is against him and he has to tell what he thinks, as the evidence goes in.

It is hard for the judge to control that sort of tactic because the judge is required to listen and see if there is a ground for legal objection.

But, as soon as the judge sees what the lawyer has objected to is merely for the purpose of wanting to make an argument in front of the jury, why, the judge winds up saying, "It is a question for the jury. Overruled, and go ahead."

Of course, the judge is always in this position: When the lawyer objects, probably to the first or second or third witness, the judge has patience, so, he figures, "Well, that isn't the entire case of the plaintiff" or "the Government." That they have other witnesses and "what is the use of starting to object now about whether that proves something or not?"

Now, we adopted a different tactic and I am going to take a piece of evidence and show you how we did it.

You have noticed some of these things and how it might have been done. Then, I am going to point

2251 out what our argument really is and you will hear it for the first time.

Some of these things may have occurred to you as you went along, but I just want to point out the difference and I want to point out that I appreciate it that Judge Miner, each time you had a recess or went home, he would ask you, as a fair-minded man would—he would say, "Keep your minds open." With that in mind, why, we relied on him. It isn't easy, sometimes. You form impressions, but you are going to make an effort.

Now, let me give you an example of what I mean by the manner in which this case was tried.

As you look at this evidence,—you see I am not going to go over the whole evidence with you, every bit—but, I am going to pick out a few spots and give you the way that I look at it and then, if I look at it reasonably, in your opinion, why, you will agree with me; if you reject my reasons, you won't.

2252 You will get some idea probably from me as to how you should take up each piece of evidence. I would say that the logical way to do is to say, well, what did Mr. Barnett put this man on for? What part of his case was he trying to prove?

And then, what has he proved?

Now, also Mr. Barnett and his witnesses, the agents, had to draw certain conclusions, and the question is whether those are reasonable conclusions or unreasonable ones.

There is nobody in the world that has the power to tell you which way to vote or which way to regard these things. You are the most powerful body in the world. Nobody can review what you say about the facts. If Judge Miner, in his good nature, would offer you a chance to come down here again and spend another two weeks on the bench and take his part, you would find out

that the Judge's power is limited and the jury has certain powers that the Judge doesn't have.

All the Judge can do in his function is to say, "Well, it is a question for the jury."

So, these conclusions that have been offered you here—we didn't interrupt. We didn't argue as we went along. But we don't agree with some of the conclusions.

2253

I will take one, as an example. You remember Mr. Mahon. He was the agent. He came from New York here, very active in helping Mr. Barnett, and he went on, in order to supply certain things that the Government needs.

You see, the law requires these things to be proven, and don't forget the burden never shifts to the defendant. The defendant has no burden. These requirements of the case are laid down by the law, including the Supreme Court of the United States, the trial Judges, and the intermediate courts, and they are bound up in volumes and lawyers study them. But some of them are so fundamental that there is no dispute about them.

Anybody that knows the first thing about the case they are trying knows certain things must be proven.

Now, if a man is shown to have spent money during a period of time—the indictment years, as you know now, having heard it over and over again, are 1948, 1949 and 1950. If it is shown that a man spent money which is beyond and above the amount that he has reported to the Government and paid taxes on, then they claim that he spent it out of income. But they have to prove it.

2254

So the burden not being on the defendant, and you know now that there are certain things that have to be walled off or shut off, to use Mr. Barnett's phrase. That

is, the Government must prove that the man who has overspent himself hasn't been spending out of an inheritance, for instance.

So what do we have? I am making a little point of this and giving you the details because I think it is rather characteristic of what you have been given as we sat here.

Mr. Mahon, you will remember when I remind you—it may have seemed insignificant to you at the time but Mr. Barnett was asking the questions, leading right to this point, because Mr. Barnett realized that it was one of those bases he had to cover.

2255 He asked if he had gone over to the Probate Court of Cook County. Do you remember that? Mr. Mahon said he had. And what had he done? Had he searched the records over there to determine whether or not there were any inheritances? "Where did you look, Mr. Mahon?"

Mr. Mahon looked under the name DeLucia to see if there was any estate, probably, of the DeLucia family. He went further, and he knew the maiden name of Nancy DeLucia, which is Giganti. He knew the first name of the father and the first name of the mother. He looked under those names.

Then he comes in here and he says, well, now I am satisfied myself and I am going to tell Judge Miner and the jury that there are no inheritances.

We didn't say a word. I wonder if you knew as you heard that, that that evidence wasn't worth a nickel? I wonder about whether or not that is an insult to your intelligence.

If somebody left Paul DeLucia a million dollars and he happened to live in Cook County and he died, his estate would be under the names of Jones or whatever the name of the person is. It wouldn't be under the name

2256 of DeLucia. It wouldn't be under the name of Giganti. These people came from Italy. The forefathers of these people, you know, are over in Italy. If they died and left any money, the money would be left over in Italy.

Paul DeLucia lived over in Long Beach, Indiana. I believe the name of the county is Porter, the county seat there. There are three thousand county seats in this country. If somebody by the name of Schultz died and left some money, the name would be under Schultz over there.

Now, we don't need a gift or inheritance out of which to spend the money. It is just one of those things they had to prove, and that is what they handed you and said here is our proof. Now their proof wouldn't stand up under just a little analysis.

The same way, they took the trouble to bring a man that is in business building furnaces and servicing them from out in the country, near the country home at Long Beach. Lo and behold, Paul DeLucia bought a furnace that cost him about $1200.00 and it was bought on installments, mind you.

2257 Then you ask yourself what is Mr. Barnett doing? What is he bringing that in for? You heard him argue the case. He wants to argue from that that Paul was broke about then, and he had to buy something by installments. But you know from other evidence that there was plenty of money, and you also know from your experience that sometimes people buy in installments because they think probably the dealer will be a little more interested if he gets a call to come over and give some service to the furnace.

I mean if there are other explanations, you should take those explanations. Don't just take the one that they try to hand you here, and that is just one little instance.

I hope you have had some experience in your civil jury service where you had to do with experts in testimony because it is an exception to the general rule.

Mr. Mahon and his partner, the last witness who went on the stand for the Government, they are what are called "experts," and they are allowed to go on because it saves you the trouble, and me, the judge, and everybody, of adding up this figure and telling what that tax was and what the various taxes were. But when they come to telling you what to do or what the evidence shows, they have no right to draw their conclusions and leave out some things and put in other things and draw conclusions that are not warranted by the evidence.

The reason I said I hoped that you had some experience where, for instance, a medical expert took the stand before you. In an injury case a doctor goes on the stand and the plaintiff naturally would like to show that the injuries are severe, and it takes medical testimony to show it. The doctor tells first what the symptoms are, or he might go on not having seen the patient at all, and the symptoms may have been recited in evidence, and then he bases his opinion on what is heard in evidence.

If you find that the symptoms are not the way that that doctor says they are or the doctor is drawing conclusions that you know he is trying to say two and two is five, or something, you don't have to take the opinion.

Now, let's analyze Mr. Mahon's opinion a little bit. We don't need to bother with whether Mr. Mahon believes these things or not because that gets into another field that we don't need to bother about here. I don't know, I will give him the presumption of innocence, and say he has been a Revenue agent so long, he believes guilt where there is none shown.

He says that from 1920 to 1935, there was only $30,000 of income shown. That is about $2,000 a year. In 1934 there was $8,000 which was taxable.

Mr. Barnett just told you in the argument that I didn't cross examine very long. Well, I didn't need to. The moment he told me what I wanted, and I knew he
2260 had to tell me, why, then that is the end of it.

He said that he assumed, he had to, he said, assumed that Paul DeLucia paid all the tax the Government had coming to it as an honest man all those years.

Well, how does he have to assume that? Of course, if he doesn't assume that his case is out the window because in 1948, 1949, and 1950, if any of that money was obtained by Paul DeLucia in the previous years, whether he stole it or got it through prohibition or any way in the world he got it, so long as he had it, it wasn't income during the years he is indicted for.

2261 Now there is something you will never get over in this case. They want you to get at those conclusions by presumptions and drawing conclusions, and they want to start a fellow back with nothing, and then what do they do? They destroy their very case right in front of your very eyes.

They didn't need to bring Mr. Garden in here, unless of course they had some purpose of bringing things in, and then just trying to muddy up the waters. Talk about bankruptcies and talk about how much Joe Bulger paid in taxes, and things like that. Joe is not on trial for that.

But here is what they did, and it was deliberate because sometimes the witness goes on, every lawyer has that experience, when he gets some unexpected answer and you didn't think he was going to tell you that. But this was a line of questioning. How big? Were they big bills or small bills?

By Mr. Garden, Mr. Barnett showed that Paul DeLucia

was handling thousands and thousands of dollars. Then Mr. Mahon goes on there, and he calculates for you that this man Paul DeLucia must be guilty.

2262 I say to him on cross examination I don't see where you have taken into consideration this $180,000.00 that—you remember I used the term Irish Village. I made a slip. But it was the Italian Village, and Mr. Mahon says, no, I didn't take that into consideration at all because I found no proof in the evidence that that was Paul DeLucia's money.

You see by that, Mr. Mahon is applying his standards and the standards of revenue people. If you know anything about revenue people, they say you are wrong, and you have to prove that you are right. If you go over and buy a lunch for a customer you have to get a receipt. If you don't get a receipt and show it to them, they say you can't have that. That is all right when they are in their office, but when they are in court here, they have to have proof.

Mr. Mahon says that I know Paul DeLucia handled money, but I don't find any proof in the record. What kind of proof do you want? He had it. When they get into the indictment years having it is enough. He spent the money, so they say not only was it his money,

2263 but it was money that came out of income because if it didn't come out of income, they have no case.

So when I asked him about the $180,000.00, he says he isn't going to regard that at all. And what do I care? And what do you care? Mr. Barnett comes ahead and proves the bankruptcy. For what purpose? He wants to show that, well, you might think that some of that $180,000.00 belonged to Paul and he lost it because the place didn't make money.

Well, doesn't it put you on your guard? Did they show by Mr. Garden in any way that the money Paul put

up was all Paul had? If he had $180,000.00, why couldn't he have had twice that much? If he had that kind of money back in those days, he had enough to spend on this farm.

Mr. Barnett said he was spending it on his farm, and this unreasonable, I suppose, so therefore it must be out of income. It isn't capital. He wouldn't spend his capital.

You are not spending capital when you are putting it in on a farm and hope to get something back and make your capital work for you. You must remember Paul was on parole at that time and under the surveil-
2264 lance of the officials and he was spending the money and he knew he was in the clear. He knew he had settled his trouble, or thought he had, with the Government.

Then we go ahead and I said, Mr. Mahon, well, how about this $1,800,000.00?

You were here and you hear Mr. Ruggaber testify. Mr. Mahon said there was no such testimony. Well, what are you going to do with anybody like that?

2265 I mean, there is something wrong with his memory, or his morals. Maybe he thinks there is something wrong with your intelligence.

But, you heard Mr. Ruggaber in answer to my questions—you see, they took an arbitrary attitude, which, of course, they do.

Now, I don't know a whole lot about this tax business, but, I have learned enough to know something about this case. By the way, the bookkeeping part of it just kept getting into the background further and further.

As I see it, it is no more a bookkeeping case at all because, if they don't establish certain things, they have no case and it is no use. When we started, I had the assistance of Mr. Bernstein and Mr. Joseph Burns and their expert accountants. I can add you up figures three times

and get you three different answers. I thought maybe I would need help from them, because if you get a loss from a fire or a loan, I don't know whether that is something you have to pay tax on or not, but these gentlemen do.

As we went along, we found that we didn't need them.

We did not need to question their figures. If Paul
2266 has the money that you know he had, from the evidence, or you feel pretty sure he had, this arithmetic job they are trying to do just doesn't fit this kind of a case.

Now, let us take a look at it while I am talking to you about how they arbitrarily do things. You see, if you are in trouble with them about taxes, here is the situation: They come around to your place of business and they want to see your books. They spend maybe days there and go over your books and they say, "We won't allow you this," and "We won't allow you that," and they argue about that.

If your wife is on the payroll, they will say, "How much work does your wife do around here?" And, they go around to see her at home and they go around to visit the people she plays bridge with and they say, "With all this bridge playing, she can't earn this $5,000 a year you are giving her."

They say, "You are trying to keep your expenses up and your income down." They say they won't allow it.

They won't allow this and they won't allow that.

2267 From my standpoint, all they have to do is write you what they call a "90-day letter," and you get the letter and they say they want $3,000 more for a certain year. And, if you go to see a tax lawyer, he will tell you, "Well, can you prove that you don't owe that, because the burden is on you in the Tax Court, and they start out with a presumption."

They just introduce their letter and they can quit. That's all there is to it.

These reports, these are presumptively correct, no matter how they arrived at it; you can't question that. You must bring in your evidence and show them. If you don't show them--a lot of times a fellow goes down to see a tax lawyer. He find out that it is cheaper to pay, or he sends a lawyer, like Mr. Bernstein was sent down, to see if they can't settle it for $1500.

That is different than coming into the criminal court.

When they come in here, they can't arbitrarily make decisions and say they will reject this and they will accept that.

2268 As we went along in the case, I relied on you so much that I did not think I needed to cross examine the second expert. I had already shown you the pitch.

Remember the second expert, what he did? Now, if you went home and told this to your children and recited the thing, they would have trouble believing you; that a grown man with experience in the revenue business would get on the stand and give you some figures, and they don't come out so much different anyhow. I mean, it isn't so much tax due the way they figured out—and then say Mr. Barnett figured I was going to cross examine him. He thought, "I better bring it out first so it won't look so bad."

We hadn't heard anything about the Bennett loan yet. Mr. Barnett asked him, "By the way, was the Bennett loan in there?" That is $80,000.00. That is a considerable amount of money.

You know enough now, after you heard these arguments and things, that that $80,000.00 is not income. If you borrow it, you can spend it and it is none of the

2269 revenue people's business.

But, this expert, he just takes it out. Now, what

does he take it out of? You remember it was the last objection I made. The Judge ruled with me and correctly so, because that expert had no business telling you how to believe and what not to believe.

And, what did the witness Dick, you know, the banker from Bloomington—what did Mr. Dick tell you? He said that they were trying to buy, they were negotiating to buy the farm, and that is a big farm, 110 acres, $500,000.00. And the man who was buying was interested and he wanted to buy it but he didn't want the mortgage on it. Well, Paul went down and saw the insurance company and the insurance company wouldn't let him buy it off unless he paid a penalty. Well, he must have been a pretty good risk. They didn't want the money. They preferred the investment. Paul didn't want to pay the penalty. He asked the purchaser if the purchaser wouldn't buy the farm and leave the mortgage on there.

And then, you know a lot of times a prosecutor, 2270 whether he intends it or not, it is just his nature or the way cases are tried—they use the word, they "discover" a second mortgage. Well, it was recorded. You don't discover things that are recorded when you are dealing with a bank and experts in real estate. They know a second mortgage was recorded on that property right in the very beginning, but, Mr. Dick said he went out there to see if the property could be cleared off because his buyer wanted to buy it and that is years ago, and you know it from the record, you already have it in the record Mr. Bernstein already told those revenue people Paul talks brokenly and it is a little hard to understand him. Paul said to Mr. Dick, "Well, you won't have any trouble with that. I don't owe it anyhow."

You are supposed to take the evidence so that you can have the innocent view. Paul might have said that, but, the time was different.

The loan was made. What did they bring Butler in for if they don't think the loan was made? He handled the check. It was of record. The gall of this second expert, to go on the stand and say, "I have thrown that out."

2271 He not only threw out the forty thousand on the farm, he threw out the other forty thousand dollars on the residence.

Mr. Dick said nothing about that. It just shows you how they operate.

2272 Let me tell you about a rule of law that there won't be any dispute about. You see, these rules of law are supposed to be based on the experience of mankind. Sometimes the law is smarter than we are, individually, because sometimes we don't see the reason for a law, but, it has been tried out, it has been found to be wise and it is used.

Now, one substantial rule that Judge Miner would enforce if he were requested, is that the party who has the burden, be he the plaintiff in a civil case or the Government in a criminal case, must produce the best evidence.

That is reasonable, isn't it?

Now, if they want to dispute that Bennett loan, who would know the most about that? It would be Mr. Bennett, woludn't it, and the records of the bank. You can't make a phony mortgage with the Oak Park Bank when your property is in trust. I mean, that is ridiculous, just to show you the extent to which they go in trying to make something look bad when they should know different.

They brought a big, green volume of the Kefauver Committee and Mr. Bennett was called four times

2273 in there. You know, he was taken up hill and down dale.

When you come to this best evidence rule, for instance, supposing over in your civil court they have a street car accident and the street car company doesn't put the

motorman on and he was right up there and had the accident and saw it? Well, they have to put him on and if they don't put him on the lawyers are smart and if the man is dead, they come in and prove by some witnesses that he is dead, just to show that they couldn't produce him, because they know if they don't produce him, the Judge has a right to instruct the jury and the jury has a right to believe the presumption is if you haven't brought in the fellow that knows about it he wouldn't have backed up your theory.

That is commonsense, isn't it?

If they would have brought Mr. Bennett here, the chances are he wouldn't have backed them up. It just shows you how they suited themselves.

2274 Armstrong, remember him, the agent? He went over and saw Mr. Eben. Mr. Eben got $15,000.00 as a fee. "Who paid you, Mr. Eben?"

"Well, the people were there, but I don't remember which one gave it to me."

"Who did you represent?"

"I represented all of the defendants. There were six."

Well, you divide it by six, maybe, but, anyhow, Mr. Armstrong checked further and saw the court record said Mr. Eben only represented two, so, therefore, Mr. Armstrong cut it in half, said, $10,500.00 was paid by Paul, without any evidence, without the slightest evidence.

Then he goes over and see Mr. Bernstein and says:

"I saw Mr. Eben. Mr. Eben says he got $15,000.00 and I am going to charge half of it to Paul."

Mr. Bernstein said, "Paul didn't pay any of that. The syndicate paid."

Well, that is something else's case. All the evidence

2275 Mr. Armstrong has—somebody else paid it. Then he puts in his report "Paul paid it." If you ran against it in a civil case, that would be presumptively true; you would have to prove you did not have the transaction.

Then they try to wiggle around and say, "Oh, well, I wasn't making these adjustments for the purpose of getting the additional tax." He was just doing that to offset a fire loss.

Well, that isn't true because he told you that he started this adjustment and, by the way, Mr. Barnett refers to these things as "routine" examination and that is all. You know they weren't routine.

They were keeping at them and keeping at them all the time, year after year, investigating them.

And then, they would like to have you think that Mr. Armstrong just put all those different figures in there to kind of meet the fire loss. He started doing that before he knew about the fire loss.

Then, when I asked him about the fire loss, you remember he admitted to me if the money came from an insurance company to pay a fire loss, it wasn't in-
2276 come.

He went and he checked and he made sure that that was paid. He saw some photostatic copies of checks. But, yes, he dismissed the whole thing and he wouldn't allow it—he recommended that no allowance be made for that because Paul had made a mistake when he put it down in his income, and, he had gotten it from the insurance company.

Now, it is just little things, but these little things show you what we are up against. He wouldn't allow the property tax. You know anybody can deduct taxes that he pays on his home, but he wouldn't allow the home tax. Nancy paid that, he said, and the property was in the name of the wife, so, he wouldn't allow Paul the tax.

Do you think that is a fair trial? It isn't. It is arbitrary treatment. And, that is the way it goes all the way through.

2277 Now, we are charged here with making false statements and this hasn't been talked about yet.

You know, the trouble with the Judge's instructions—I mean, it is no fault of the Judge, because he has to go to the legal books and it will be more or less legal language and it will be at the end of the argument and nobody is in a position to tell you how to apply those instructions, so, with your permission and your attention, I will talk to you a little bit about how to apply some of them, because they are fundamental principles, and, this business of circumstantial evidence, the Judge will tell you a rule, but it will be in legal language; it will be that the circumstances themselves must be proved clearly.

And then, there should be enough of them to lead you to the conclusion that they want you to go to, or the guilt, and to no other. If there is some other way you can look at those same circumstances and find us not guilty, well, you are supposed to take our side of that.

That is only in fairness.

2278 Oh, years ago I was in a case and a prosecutor—I will tell you a little story because it illustrates what I have in my mind. It is a little easier than talking about dry legal rules.

This prosecutor knew he had a circumstantial evidence case and he knew that juries sometimes have a little skepticism. You know, jurors know things before they become jurors.

So, he was arguing like Mr. Barnett did here, in the opening before I had a chance to argue, and he was standing up for circumstantial evidence and it is true that the circumstances can be so strong that they are really satisfied, and, so, he used an illustration and he said,

"Do you remember reading Robinson Crusoe? Remember that story when you were a child and went to school? He thought he was alone on an island and

he got up one morning and walked along the shore and there was a fresh human footprint in the sand and he knew from that that there was a man on the island and that is the story."

2279 And this prosecutor was using that as an illustration to show that Robinson Crusoe knew that there was a man on the island just as certainly as if he had seen him.

When it came my turn, I said, "Supposing it had been a woman?" It is one and the same footprint.

It was another conclusion that probably this prosecutor didn't think about. We are entitled to think about these different conclusions.

If we had Mr. Mahon and Mr. Barnett indulging in this fairy story, he could have asked him about the footprint on the sand and he would have told you not only that it was a man, he would say, "He had blue eyes and was going home to his hut to eat beans for dinner."

And, I would take him on my cross examination and could have asked him, "How do you know he had blue eyes just from seeing the footprints?" And he would have said that he had to assume that. And, "How do you know he had beans for dinner?"

"Well, he had some beans, so he had them to eat and so he must have eaten them."

2280 Now, you think that is ridiculous that I am saying that about Mr. Mahon. Well, he did the very same thing right in front of your eyes.

I said, "I see on your photograph near the upper right-hand corner you have $11,000.00 and you know at that time Paul was in the penitentiary, don't you and you have that as an expenditure."

He said, "Well, I know he had enough money to buy those cars and they were bought for his family, so he must have bought them."

That is the reason why they think it is all right.

If he is up in his office trying to sand bag you out of your money and show you where you owe money, it is all right, but where you are trying to send somebody to the penitentiary, it won't do.

Let us see about this business of the false statements. You know, I hope you look back on your experience here and, looking back on it, you can figure there is a place where you have been entertained. Of course, you have a serious job to perform, but maybe you might learn one or two things. There are some common acceptances
2281 of strong knowledge. You are all presumed to know the law, but there are some misconceptions that are common and that one misconception is that any lie that is told, any lie that is told under oath, is a perjury, but, that isn't true.

If you know the first thing about law, perjury is only committed when a lie is told wilfully on a material matter within the jurisdiction of the person who is asking the question.

And, the law is rather jealous of procedure. Now, these laws, as I said before, are based on experience and they require that if the Government wants to charge someone with perjury, they have to prove the falsity by two witnesses, or, one witness and circumstances. One witness against another is not enough because you have that every day.

The law is such they don't want to threaten everybody who testifies that he might be charged with perjury if he happens to differ from another witness.

2282 Let me give you an example of what is material and what is immaterial because you will find that word in the Judge's instructions and he can't stop to explain it the way I am trying to explain it to you.

Supposing you are asked to sign a bond for a thousand dollars for someone, in Probate Court, or anywhere. It is an official document and whoever is in charge, the Clerk or somebody, he requires you to be sworn. He has to fill out blanks. You put in what you own.

Supposing you say you are worth $100,000. You just want to put on a good front. You are signing a $1000 bond. It turns out you are only worth $5,000. That isn't perjury. The bond is only $1,000. If you are worth $2,000, that is enough. Nobody has been injured and it is not perjury.

So, the statute that they have here about making a false statement, that is prepared by Congress and I suppose the Congressmen figured that the Government needs a little more protection because you know these contractors who work for the Government and they are supposed to file certain vouchers and things, and
2283 of course, the businessman has to protect himself without any laws, but Congress passes a law that if you make some false voucher or make some false statement to some Bureau of the Government within its jurisdiction, you can be guilty of a penitentiary offense.

But, the false statement must be material. And, this indictment says the falsity was material.

If you wrote the Revenue people a letter and sent them an affidavit and told them it was raining last Sunday and you knew the sun was shining, it can't be perjury. It is false, but it didn't do them any damage and it didn't do them any harm and it wasn't within their jurisdiction.

Now, I am leading up to a great defect in their case and if I can have you go along and if you agree with me, I could probably just let it go with this and nothing else.

I said I was grateful to Mr. Barnett and I was, because if people will combine, even friendly enemies, and make working conditions somewhere near comfortable, why, I

appreciate it and I appreciate the attitude of the Judge.

I appreciate your attention.

2284 But, Mr. Barnett did something in this case right before your eyes and he is perfectly right, in a way. When you just apply the law strictly—I will tell you what he did.

You remember, we put on a little kind of a like a little play here and we took parts. That was where Paul DeLucia, Mr. Bernstein and I went up to see the Revenue people on September 1, 1954. And there was a printed transcript and we each had a copy. You remember that, and it said who was present.

The boss of those present was Tom Smith. He was the group chief.

Mr. Stonesifer was present, and Mr. Scholz. Those people were there for the Revenue Department. I was there, Mr. Bernstein was there, Paul DeLucia was there.

And, you will remember, and maybe the Judge will let you have the transcript out in your jury room and if he does, why, you can read it over again if it slipped your mind, but, you remember when I remind you that Mr. Smith said, "Well, we have nothing to do. We are not a fact-finding body and we don't have anything to do with whether there is to be a prosecution or not. We
2285 must just pass along—when we gather up this thing, we pass it along."

Now, this statute that I was telling you about, about being a penitentiary offense to tell the Bureau or somebody connected with the Bureau a falsehood, that has to be construed with some reason and commonsense and it has been held that it doesn't apply to the FBI.

You know, if somebody comes around from the FBI and shows you his credentials, you can lie to him all you want. You don't have to talk to them. If you lie to them, that is just too bad. He is only investigating and he can find out from somebody else.

They might bluff you a little and say they would charge you with lying, but they can't sustain it.

2286 So if you assume—I don't know, just for the purpose of argument, some of you might think Bulger told something that wasn't true when he said that he counted $300,000. But Mr. Barnett put Smith on the stand and had Smith testify to a conversation with Paul DeLucia down in Florida, and it only concerned Paul's statement that Paul had kicked in $25,000 into a defense fund for the New York trial. That is all Mr. Smith testified to.

Well, I like to avoid these wrangles about the admissibility of evidence. I think you will agree, and if you see other cases you are bound to agree, that I did pretty well avoiding them. I just rely on your intelligence. You will get the case later.

But here is what happened. I didn't want to get into a controversy before the jury on a cross examination where I would be blocked with objections. I knew Mr. Smith would only testify to the Florida conversation, if Mr. Barnett would object. I wanted to ask Mr. Smith about that September 1st time when we were all up to his office.

I wanted to ask him what his report was and
2287 what we said there, whether he believed us or didn't believe us. Mr. Bulger came in. I wanted to know whether they were deceived or not.

When I told the Judge that I would like to ask those questions, Mr. Barnett objected. He was perfectly right from a strict legal point that I had no right to cross examine about something that he hadn't asked about.

But I have a right to call your attention to the fact that he hasn't proved—he has even tried to avoid it—he hasn't proven that they were fooled by Bulger's statement, true or false.

If my slant—I took this slant three or four years ago when I went up there and told them, I said, "You fellows, we have cooperated with you long enough and my information is you get your orders from Washington anyhow, and the Attorney General has prejudged our case and he is out to prosecute us. What is the use of talking to you? You are not free to give us any benefit, and all you want to do is make a case and start with us.

"If you want Paul DeLucia to sit down here and help you build a case, we are not going to do it. If you
2288 have a case, go ahead and prove it."

Well, that was a challenge, wasn't it?

Now if a matter is a matter of fact, if they had already determined that in Washington or here that they were going to prosecute, and they were just sending for us to try to put us on the hook, why, nobody has been deceived. They were going to do it anyhow. So there is nothing to that whole business.

How about the statute of limitations? You know, you can't keep up things forever. In order to try to get around the statute of limitations, they say that the conspiracy started back in 1950 and it continued right along.

2289 Then Mr. Barnett—you know, he is a good lawyer in this type of work. He specializes in it. So he says that one of the overt acts in that case was that Bulger went before the grand jury and told them the same lie.

Well, Bulger wasn't there to try to deceive the grand jury. He was there because he was sent for by them. I might add to that they were trying to put that rope around his neck and pull it tight.

It is ridiculous to say that that is a continuing part of a conspiracy to defeat taxes when the indictment says that the falsity was to the Revenue Service. They extended over to the grand jury, which is not the Revenue Service.

But the importance of that is that that is within the statute of limitations, where if you go back there to those years back there, the statute has run. They should quit. They should have quit a long time ago.

What do you think about the morals of the thing with reference to settling? And what is the difference whether Paul got that money out of the New York case or
2290 not? I mean, as far as this case is concerned.

What we had a right to do was to kind of meet them in the way they were trying to do it. They had destroyed their case already with the way they put it in.

But you remember Mr. Ruggaber. You see, I know something about that New York case because the evidence shows here that I was called in to take it up on the appeal.

When I said would you mind looking at the record when you go downstairs, Mr. Barnett said that would be a record like that, and he indicated with his arm. It would be. They took these men a thousand miles from home and tried them in New York.

We have no right to retry that, but we have got enough in here now for me to talk about it because Mr. Barnett put in that, you know, thick volume of the Congressional hearing by that long faced Congressman who was in here, Hoffman, you know? He looked like he was sore at the world.

You could tell from the way Mr. Barnett asked me if it would be all right to put the brown volume in,
2291 I had already brought it here myself on some preliminary motions, I would have stipulated and agreed to put it in because it is part of the history of the case. There is as much in there for us as there is for the Government because it shows persecution.

If this Congressman was anywhere near on the square, if he had any decency about him, when Mr. Barnett asked

him would he come to Chicago—he comes from Michigan. He is a Republican.

Mr. Hoffman should have said what do you want me for? Then Mr. Barnett would say I want to prove by you that Paul, at your hearing, said he didn't get that movie money.

Hoffman could have said, well, you have got that in the record. Won't the lawyer admit it is in the record? You don't need me for that. What is further, I didn't believe him. You look at my report, and I was trying to get some kind of pressure on him to make him reimburse those movie magnates for $1,800,000.00, and I was trying to get him sent back to the penitentiary because of the granting of the parole.

2292 That is what they were trying to do. They attacked everybody connected with the parole, and they wound up with nothing. But they caused a lot of embarrassment. They brought these tax people before them, and those people hid behind something. They said we won't tell you anything because we have a regulation and we have a letter from our boss, and we don't have to answer questions. Mr. Ruggaber was called there, and he took that position.

So they brought that Hoffman Committee meeting here and they brought the Kefauver here. You must remember that Paul DeLucia was on parole when these various Congressional committees were holding their hearings.

I was his lawyer, and what would you advise him if you were his lawyer? If he went on the Congressional meeting stand and said I take the Fifth Amendment, the parole people would have said you are not cooperating with authorities; you are not acting as a citizen should on the outside, so come back and go inside. That would have been a violation of parole. So he had to answer questions.

2293 Now, I suppose I could stir up some controversy among you by telling you that I think a great deal about our form of government. The foundation is right. The trouble we get into is due to abuses.

We have got three branches of the Government, and they are supposed to stay away from each other's functions. That is, you have the legislative, which makes the laws. You have the executive department, which includes the tax people and the police and the marshals and the FBI and the President and everybody in the executive end. They enforce the laws. Then you have the judiciary represented by Judge Miner here. They listen and decide.

Those three branches are supposed to be kept separate. By due process of law, a person is supposed to have certain things given to him, a charge, a chance to meet the charge before a jury.

These Congressmen run these hearings, and they act as judge, jury, executioner, and everything. There are no rules of evidence. There is nothing. They go after
2294 somebody, and it is an abuse of their power because they are only supposed to hold hearings to see who wants this law or who wants that law. They are not supposed to pry into whether or not a parole was rightfully issued.

But it was a political year. The Republicans were in charge of Congress and the Democrats were in power in the executive department, and they were trying to trace some sort of corruption all the way, right up into the White House. They got a lot of headlines in the paper. Maybe it helped them to win the election, I don't know.

What I am leading up to is that Mr. Barnett read from what they call the traverse. I drew that because I had to take out a writ of habeas corpus. These Congressmen brought such pressure on the Parole Board—first the Parole Board people came in and defended them-

selves, testified at length that there was nothing wrong about the parole; the men were eligible, had served the time they were supposed to serve, were fit subjects for parole; were keeping that parole, were on parole,
2295 and there was no reason in the world we know of that we could take them back for a violation.
2296 The Congressman kept at them and at them, and got some of them fired. Finally they issued a warrant without evidence. The traverse he read from, if he had read the rest of it, would tell you what I am telling you now: That they did it arbitrarily and without any evidence, and then the Judge would sustain it.

Just think of the conduct of the Government all the way through this case. I don't mean Mr. Barnett. He had to take just what he had. As I read over that September 1st meeting before Tom Smith and those people —by the way, you remember as I read that, I said, "What are you going to do about the $300,000?"

They said they hadn't made up their minds about that because there was no corroboration. You don't need corroboration in court, but of course, they can make their own rules when they try to figure out whether you owe money or not.

So you can remember the date. Paul DeLucia and his friends were in the penitentiary when this negotiation was carried on with the Government. The Govern-
2297 ment in the movie trial took the testimony of some accomplice witnesses and they just took that all as being true, and that the money was paid into a group of certain people, and Paul's share was two-ninths.

The fact that Paul denies that he got it, that is neither here nor there. We are not trying that. All we have here is his oath that he didn't get it, so you make up your mind either way. It doesn't matter.

All we are concerned with is that they arbitrarily—

they had no evidence about how that money, the $1,800,000 reached a group of defendants. Mr. Ruggaber was honest enough to tell me when he was on the stand—they regard it as a slip.

Remember? I said, "Well, as far as you know, Paul could have gotten a hundred per cent of that money, $1,800,000."

He said, "Yes," which is true.

He didn't know because he had no way of tracing through this record where the money went, after it went into the hand of certain messengers that were supposed to take it over to the defendants.

Then as to how it was divided, Bioff and Brown
2298 could testify to what the deal was. They were to take something out of it, and then it was turned over through a messenger to the defendants, and they were to divide it up.

Then they wanted to bring Mr. Ruggaber back the next day and tell you what he meant to say, or something like that, and the Judge wouldn't let them. The significant thing is that Mr. Mahon tells us that there is no such testimony.

But what do you think about the conduct of the Government? They have no business going back to 1934 in this case anyhow. They settled, didn't they?

Supposing you had a dispute with somebody and you settled it.

Paul DeLucia wanted to get his parole and he wanted it bad enough, maybe, to pay something he didn't owe, as far as we know. But it was coercion. It was blackmail. He was in the penitentiary and you know he wasn't getting any parole while he still owed Uncle Sam money.

Then they go along, and they get $190,000. They wouldn't settle for just a judgment. Mr. Marsh was on the stand. An ordinary taxpayer goes in and admits

it, and a judgment is entered against him, and they collect it.

Mr. Marsh said, "No, it has to be cash on the barrelhead for both of them, or I won't take any of it."

So Mr. Bernstein paid it. Then what happened? People get out on parole. Then the Government comes along and says, "Now, you won't tell us who contributed that money, so we are going to regard it as a gift. We can't find the person who gave the gift, so we are going to make you pay the tax."

So they did. It they want money, they can always get it. In the case we are trying they don't want money. They never sent us the ninety-day letter. For some reason or other, they want this man in the penitentiary, and they want it whether they have got a case or not.

As I told you, I can't go over every little piece of evidence and tell you how I think you ought to look at this and look at that, but as I listened to Mr. Barrett when he was making his argument, I couldn't resist thinking myself he has been around those revenue agents so long that he does the same thing; he jumps to conclusions without taking everything into consideration.

The little girl that couldn't speak up very well there, you know, Joe Bulger's secretary—all she said was that she came back from New York, she was helping her boss there, and she came back Christmas Eve. She didn't say anything about when Joe came back. Not a word. The trial was over December 22nd.

As far as we know, of course, Paul came back and said he wanted to see Joe. Then Mr. Barnett makes the argument here—now just use this as a kind of test. It will show you that Mr. Barnett has been contaminated too by this business of jumping at conclusions.

He says this is unreasonable. Paul told the Kefauver

Committee that he had money, part of it was in a vault and part of it in his home, and he knew he was going to the penitentiary, so he went down to the vault, got the money out of the vault and took that home.

Now Mr. Barnett—the rafters still ring with it. You can remember. He says that is unreasonable because Christmas Day the vaults are closed, he couldn't get in there, and he bases it on the girl's testimony. She didn't say anything about when they came back. Then he tells you that it is unbelievable that Paul would take it out of a safe place in the vault and put it in his home.

Well, I don't know how much Mr. Barnett knows about those things. Let's give him the presumption of innocence. But you and I know if a man and wife have joint box in the vault, and each one has a key, either one can go down while they are both living. But if it is some promi-
2302 nent person that gets a death notice in the paper, the moment those vault people know that, one of those joint owners has died, do you know what happens? A plaster goes right over it. No key; no entrance. The tax people have to be there because that is the method they have to see that the taxes are paid.

Paul wasn't leaving that $300,000.00 or any part of it for the tax people to grab onto. He knew that before he went to the penitentiary that they kept rooting and reinvestigating, looking for tax money.

Then Mr. Barnett argues to you and says oh, they wouldn't leave it up in the rafters. They only had a small amount of insurance.

Supposing you went to the insurance company and said I don't want just $10,000 insurance. I have got $300,000.00 in the attic. I want you to insure that.

They would laugh at you. They wouldn't insure it unless you had it put some place in the bank and gave them $300,000.00 to hold to secure themselves or some-

thing. You know insurance companies are not taking gambles like that.

2303 But Paul isn't a gambler. He wanted to do it in a way to protect his family. He didn't want the tax people jumping in there with liens on it or anything. He did it the way he would do it.

By the way, did you ever hear about the farmer that went to the zoo and he looked at the giraffe with the long neck. He looked at it and said, "There ain't no such animal," and he was looking right at it. That is because he had never seen one before.

You go by your experience and you have to judge people by the conditions they find themselves in. Did you ever stop to think that they would like to furnish you a lot of argument about how it is unreasonable to believe and it didn't happen that Joe counted that $300,000? But where is the witness that said he didn't count it?

I mean, you can't prove it the way they tried to prove it.

Here is the way they undertook to prove it. They told you to start with, "We will show you that Joe Bulger was telling an untruth because we will trace him back to the time he got off the boat and show that he couldn't possibly have had that money."

2304 But they didn't do that. What they did, they did just the opposite. They showed that he had available money, could get money any time. The insurance company needs $500,000 before they sign this group of bonds, and they got the money.

I dare say if Mr. Barnett should come in here this afternoon with some additional charges—you know, this is only up to 1950. He has indictments for 1951, '52, '53, '54, '55. Why, Paul could go out to the telephone and the money would be over here, wouldn't it? That is for bond.

Would you presume from that that he must have got it out of income? That is what they want you to do. Every time they find him with money during the indictment period, they want you to say he got that out of income. Look how weak they are.

I think it would be a good idea for me, if you are not getting tired, to tell you what it is I believe that they have to prove. What are the elements? What is the fundamental thing? What does the indictment charge, and what do they have to prove? Then we will go over it.

Would you like to take a little recess, Judge?

2305 By the Court: All right.

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2306-2309 * * *

2310 Chicago, Illinois,
Tuesday, May 27, 1958;
10:00 o'clock a. m.

* * *

2311 * * * By the Court: Do you want to talk to me before we bring the jury out?

By Mr. Barnett: Your Honor, I have two additional instructions which I would like to tender at this time.

I would like to withdraw Government instructions Nos. 19 and 7.

By the Court: 19 and what?

By Mr. Barnett: 19 and 7 I would like to withdraw.

By the Court: 7 and 19?

By Mr. Barnett: Yes, sir, and I would like to tender two new instructions which have been labeled Government's Nos. 21-A and 41-A.

By the Court: All right. Submit them to the Clerk. Bring out the jury.

(Whereupon the following further proceedings were had in open court, in the hearing and presence of the jury:—)

By the Court: Good morning everybody. Delightful morning, isn't it?

2312 All right. Let's go to work. Mr. Stewart, proceed, please.

And Thereupon Mr. Stewart Further Addressed The Court And Jury In Argument On Behalf Of The Defendant De Lucia.

By Mr. Stewart: May it please your Honor, ladies and gentlemen of the jury:

I think I should start by saying that Judge Miner showed consideration for us when he declared the recess yesterday, and that was helpful to you, I hope; I know it was for me.

2313 A judge doesn't have to do that, you know. He has the power, and some of them in this building have exercised it—you may have heard about it. You get to the end of the case, and the Judge says, "Keep on going, I have to finish this case," and you argue and talk until sometimes 2:00 or 3:00 o'clock in the morning. Everybody is exhausted, and that is the whole idea. But that is not conducive to a fair trial. It is not fair. It is not fair to you and it is not fair to the lawyers. But it is done, and we appreciate it.

Now we have to go to work, as the Judge said. I might say when we are talking about judges, that every law student has to, of course, study the history of the law which starts in England.

They had a judge back there, his name was Lord Jeffery, and his history and his infamous reputation has come down to us. If you want to say a bad word to a Judge, just compare him with Lord Jeffery.

I will tell you one of the things he used to do. Back in those days they used to send the jury out in a
2314 criminal case and let them go in a cold room and be there without food and drink until they arrived at a verdict for the Crown.

This judge I am talking about, he had to travel a circuit and go from town to town. If the jury was out there in that cold room and they couldn't get together and the judge had to move on to another circuit, he ordered the jury loaded into a cart and would drag them over to the next town and put them in another cold room and leave them stay there until they came out for the government.

Of course, we have made some progress since the days of Judge Jeffery.

2315 I would like to say that to start out, and I have had a little chance to think a little bit about Mr. Barnett's argument and I want to say that as I listened to his argument—it probably means more to me than it would to you, and I don't mean any reflection on you because you know your business. If I went out to your shops or watched you do your work, you would have to point out things to me that I wouldn't know about.

But, I know this business, and, of course, you would expect that I was watching him as he put his case in and he put it in like you lay brick, building a structure, and it occurred to me that we were lucky that he didn't have a better case because if he would have had it, he would have put it in there.

At that, we were going along and along and were in three-quarters of the case and we were still waiting and still wondering because he still didn't have that brick he needed or those few bricks he needed and he hasn't produced them, and, as a gathered from his argument, I think he is conscious of it.

Now, how much he realizes with reference to his weakness, I have no way of knowing. I will give him the presumption of innocence, or whatever you want to call it. I will say he believes that he has evidence on certain fundamental features of this case, where I disagree.

Now, that is an orderly debate, isn't it? I mean, if I point out what the things are that he needs to prove and then I point out where he hasn't proven it, why, we should prevail here if I am right.

And, I could tell from Mr. Barnett's argument that he knew pretty well what he had to prove and he didn't try to change it. He didn't try to flinch from it. Of course, he would be foolish if he tried to because the Judge, after all, will give you those instructions and the lawyers know what those instructions are pretty well because the Judge let's you know what the instructions are beforehand.

As I told you before, the Judge's instructions are more or less in legal form. It is possible they might not be as fully understood as I might be able to make some of them understood. That is my job.

Now, as I watched Mr. Barnett put in his case and as I heard him argue, I knew that he was following a certain pattern and, of course, that is the thing for him to follow because it is the leading case that we have on this type of prosecution, which is called the net worth method or expenditures method and that is the Holland case and it is in the Supreme Court and it is an opinion.

You know lawyers and judges have these opinions and they are on the library shelves and you can pull down the book. And, the Judge has already told us he has read it. Of course he has. Anyone who has this sort of case would read the Holland case and would find

out, if you read it, that the Supreme Court at first turned down cases that were offered to the Supreme Court on this method of proof by denying certiorari.

I suppose you know enough about our Government to know that our highest court, the Supreme Court, is not compelled under the law to take all the cases because the country is too big. They have a discretionary power.

They can refuse certiorari and the case doesn't come in at all. Or, they can take it where they think it is of importance and some law should be settled, and, so they announced in this opinion that these prosecutions are becoming more and more frequent and they are probably a little bit dangerous, too; it is about time we took one of these cases and announced what the fundamentals are in such a case.

2319 They announced—

By Mr. Barnett: Excuse me, Mr. Stewart.

By Mr. Stewart: —some of them—

By Mr. Barnett: Excuse me, Mr. Stewart.

Your Honor, I have sat here patiently all day yesterday and listened to Mr. Stewart ramble all over the lot. I think and I know the law will be given to the jury by the Court. I don't think we are supposed to sit here and listen to Mr. Stewart expound on the law, all the various Supreme Court rules and what they did and how they did it.

I think we should be limited to the evidence in this case.

By the Court: I have complete instructions. I don't think that counsel ought to discuss the law.

By Mr. Stewart: I appreciate it. I will concede to anything your Honor suggests.

I would like to do this, and I think it would be effective and welcomed by the jury: I would like to state the facts in the Holland case and then point out where they are

not in this case and it makes a great big difference, and, it is my way of arguing the fundamentals that Mr.
2320 Barnett practically admitted to the jury that he needed to prove to the jury.

By the Court: There is no objection to your pointing out the facts in this case, your interpretation. There is no need discussing the law. I have gone over the instructions. As a matter of fact, I went over them last night until 11:00 or 12:00 o'clock.

I have complete instructions on the legal phases, on the net worth and expenditure theory.

By Mr. Stewart: I will comply with whatever your Honor suggests.

By the Court: You may point out any factor that you think is missing in those cases.

2321 By Mr. Stewart: And I would like to start by stating the facts in the Holland case. Would that be permissible, your Honor?

By the Court: Yes, I will let you state them.

By Mr. Stewart: Because it is the leading case. I will do it briefly.

A husband and wife, Mr. and Mrs. Holland, were convicted of income tax evasion. They conducted a restaurant and tavern and it is possible they had some gambling in it, but, they were convicted on this sort of method we have mentioned here.

The Government went back into their history and it happens that they were working in the restaurant business. The man was a cook and the wife was a waitress.

And, the Government was successful in proving beyond all doubt that this couple was absolutely broke and had just small wages and, there was a depression.

At one time they lost their furniture because they couldn't pay a $25.00 installment and another time they had to separate, because they were in the kind of work

that the board and work goes together and they had to get jobs in separate cities and they had to live miles apart because of economic conditions.

Then, as time goes on, they were able to make some money, enough to get this business that they bought. And, the business prospered and as the business prospered, these people didn't pay the tax that they should pay, according to the theory of the Government and the proof of the Government.

And the way the Government proved it was that this same restaurant had been conducted by some other people for a few years before these Hollands acquired it. And, it made considerable money each year.

Then, when the Hollands acquired it, it stopped making that kind of money and that is what attracted the suspicions of the tax collectors, one of the things.

And then, the big difference between that case and our case is that Holland was investigated and he was called upon to explain things and he explained them and they used that at the trial. He explained that he had a thousand dollar hoard of cash out of which these expenditures were made and, in his explanation to the Government officials, which was proven at his trial, he admitted that he used cash registers that had those tapes on them and those were destroyed and he took money from the cash register to pay for personal expenses, which did not reflect in his books.

The Government officials asked him how long he had this one thousand dollar hoard and he claimed that he had it way back, at the time when he was young and at the time the Government was able to prove he was losing his furniture because of these foreclosures and things.

Now the question is discussed in that case as to whether or not the Government is allowed to use

this method of net worth where a taxpayer keeps a set of books.

This man Holland claimed that his books were accurate, and he objected to using the net worth method at all. But the Government was able to show that by his own admission the books weren't accurate because they didn't cover what he took in.

He admitted that he destroyed the tapes, and he could take money in in his business and it didn't reflect in his books. So the books were not accurate, and the Government had a good reason for rejecting them.

Then they were able to prove, as was attempted in this case, by tracing the financial history of the man all the way through—and they had something in that case that you don't have here. That is the reason I am calling your attention to it.

When he overspent himself during these indictment years, he had that business that was being conducted and he was doing a good business, even better than the 2325 other people who had it before him, and they were making huge sums of money each year. Then he drops down to practically nothing and is still spending money on personal things, buying cars, improving the property, and things like that. So they had him.

Of course, it helped where he was telling about where he got his money from. He got all his money from the business, and the business was shown to continue on and on and on.

Now, let's contrast that with some cases that are in the books. A policeman was prosecuted for taking bribes—

By Mr. Barnett: Your Honor, this seems highly improper.

By the Court: Objection sustained.

By Mr. Barnett: He is not talking about this case.

By Mr. Stewart: There is a point, your Honor, that certain things, activities are not presumed to continue on. That is the weakness of this case, your Honor. I would like to just mention it.

I don't see why the prosecutor should object when I am pointing out a weakness in his case.

By Mr. Barnett: I don't think he is pointing out
2326 a weakness. He is discussing everything but this case.

By the Court: Well, you have all the right to point out all the weaknesses in his case, but not weakness or strength in other cases because my instructions are going to be absolutely applicable to this case and no other.

By Mr. Stewart: I will put it a different way. I can comply with objections.

You make all the objections you want.

I can say to the jury, supposing you had a policeman on trial, and he is charged with taking bribes and they could prove that happened back ten years ago or eleven years ago because they had certain things that happened in the town. They had certain people who turned State's evidence or Government evidence, and they could conclusively show that he was taking bribes during those years.

2327 But they are prosecuting him for much later years, and all they are able to show in the later years was that he made large bank deposits of cash, which was way beyond the salary he was receiving as a policeman. But they had no case because he wasn't in a continuing business. You can't presume that the taking of bribes is something that carries on.

If a man is in the gambling business, he might be in it one year, and things might get tough and he might be shut down, and he might not be in that business during the indictment years. In other words, they don't have a source, a likely source.

They weren't warranted in rejecting Paul's books. You remember, I asked Mr. Stonesifer what he didn't like about the books. He considered them inadequate. Of course, that was just his opinion, but that is the object of cross examination.

I said where were they inadequate? Well, they just didn't suit him because he wants to make trouble for us.

They didn't contain a statement of the assets of
2328 Paul at the beginning of the opening of the books.

But there is nothing in the law requiring such statement to be there.

He didn't like it because it said miscellaneous with reference to income, and that is why he didn't like those books. I asked him, remember? I said if he had put down there the different people he got money from in gambling, you would have to go to those people to check to see if that was the amount.

He said yes. So that is why they want it. But they are not entitled to it.

As a matter of law, you notice Mr. Klein, he brought Paul in and spent three hours going over the same type of books. When I asked him, he gave me a little smile and said, well, that is the best they keep and that is what they keep, and that is the general practice among people who are in the gambling business.

Here, as this case was tried—Mr. Barnett wants me to talk about this case—I will tell you something about this case. We had these books here. He goes ahead and shows expenditures, but at the same time he doesn't show

you that every nickel Paul spent is in the books
2329 for the indictment years.

That is true, and you will have the books. I challenge anybody to show an expenditure which might in any way reflect on income, and not find it in Paul's books for those years that he was keeping books when

he was on parole. If course, he had to. He was on parole, and he had a lot of people on his neck, public officials with a lot of power. They had the power to send him back to the penitentiary, and he wasn't entitled to a jury trial. If they could have found something that he reported to them falsely, they would have sent him back, especially under the circumstances of this case.

2330 Here you have a case where they are indulging in a lot of conjectures and assumptions without any basis, and they want you to believe that a man who was on parole—and they say he is intelligent, and of course, we agree he is intelligent. Not only that, but Mr. Barnett has brought the books in here to show that Hoffman hearing and the Kefauver hearing.

You know, and those books show it, and it is in the record, that the Parole Board people were on trial. These Congressmen were trying, of course, they were making political hay, and they were getting headlines, and the Republicans were in charge of Congress and the Democratic administration under Mr. Truman was in power, and this Board was a Federal Board appointed by the President. The Congressmen were making hay and putting the Parole Board on trial and making them come before the Congressmen and justify this parole.

Not only that, but looking for a chance to send these people back to the penitentiary, which that Board had power to do, but the Board had to defend itself.

2331 They had to tell the Congressmen that, "There is nothing wrong with these parolees; these men were entitled to parole. They earned it and they are good parole risks, in our opinion, and we don't have any legal grounds on which to revoke the parole."

Paul DeLucia knew all this. Aren't you going to take that into consideration when you are considering his conduct in these years, and the only years he is indicted

here for are years he was on parole. He was on parole seven years, making reports monthly, which they haven't been able to upset or show false in any way except by insinuations by Mr. Barnett, without any evidence.

He insinuates that Paul DeLucia was still in the business of getting money out of gambling. I say he has no evidence from which to draw that conclusion. It is just the opposite.

Now, just to show you how litle things can indicate how the wind is blowing. Mr. Barnett told you yesterday, he said Paul DeLucia went to the Kefauver Committee. No, lawyer there. No lawyer to help him.

Well, I don't know what Mr. Barnett is trying to
2332 convey. Paul DeLucia had a lawyer. You would expect a man with his money to have a lawyer. He probably had the best one he could find, and that is me.

So he did go over alone, and it is my opinion—you have seen pictures on the television and in your papers of somebody that gets caught in these switches with one of these Congressional hearings, and they go over there and they have got a lawyer sitting alongside him. They whisper and they talk, and it just makes the law profession ridiculous because there are no rules of evidence.

The lawyer is not allowed to cross examine. He is not allowed to be confronted with witnesses. It is not supposed to be a trial, but yet those Congressmen and Senators can make a trial out of it.

So I won't lend myself to that. They were just picking on Paul, and I had him go over there by himself. But what did he tell that wasn't true? How did Mr. Barnett seize upon one little piece of evidence?

2333 You know, you can prove by the Bible that there is no God, if you only take part of it. You take that verse that says, "There is no God, saith the fool in

his heart," if you leave out the last part, it says, "There is no God."

The same way here. Mr. Barnett says that there is something phony about the Barnett loan. There is something phony about that loan from whatever that other person's name was, Matalone. Paul was borrowing money, so you must conclude he couldn't have had $300,000.00 because he was borrowing money.

That might be a logical argument if you didn't know some other things about Paul's situation.

Then Mr. Barnett says he was asked about that before the Kefauver Committee and he said, well, Senator, when I was a boy, I was told by my father to always keep cash on hand.

That is true. He said that. But that isn't all he said. You have the book here. Let me tell you the rest of it.

He said, Senator, I have been on parole and I want
to keep that parole. I have been told I am not
2334 permitted to associate with certain people, and I
am not associating with them, and I have to make it. I have to have enough money on hand to make it. I have got a long ways yet to go on parole, so I have got the money that I have got, but I went out when I had a chance, when I could get around and see some friends of mine, and I had them lend me some money because later on I might not be able to borrow it. Now I had the time and I talked to some of my friends and they loaned me my money, and I put it in, and I am trying to make a go of it, Senator. I am putting that money in the farm.

Now, they have told you that the farm shows no income tax due. That doesn't mean that it wasn't bringing money in. If you have those returns, you can look and see where it was bringing considerable money in, and more each year. But it just happened that Paul was in

that position a taxpayer finds himself in sometimes, where he takes off deductions for this or that, and the Government hasn't questioned those deductions. So it was gradually building him up with an income where he could point to it as far as the parole people were
2335 concerned, and say there is where my money is coming from. We reported every month, and I am not doing anything wrong.

You talk about people being intelligent. Some people are like birds that have been shot at. They have been hounded and they have been persecuted, and they know the power of the Government. Paul DeLucia was smart enough to know that the only way he could keep his parole was to do nothing against the rules because if he did anything, he would be back in the penitentiary where he thought he would never get out alive; and if he was sent back on violation of parole, he probably would never get out of there until he did the whole time.

2336 So they are asking you to deal in presumptions that the man not only overspent himself and reported it with every nickel and every dime to the Government, but he was doing it out of some money that he got during those years illegally. You know that can't be true because they had plenty of time to investigate, and they have gone over everybody with a fine-toothed comb, and they haven't put in one soul here to show where Paul DeLucia made a dollar that Paul hasn't admitted himself.

The only evidence they have got that Paul made any money is what Paul said he made.

Now if the times comes, if and when the time ever comes when they get me on trial for one of these things, I know I will be embarrassed, and a lot of other people will be embarrassed because they will go back to my

youth, and they will find some indiscretions that I had to pay for, and it wouldn't be very pleasant.

But they go over Paul's life, his times, and everything. Do you hear anything here where he spent any money in riotous living or wine, women and song? Do you find where he has given any color televisions to public
2337 officials, or anything like that? Nothing. He has led a clean life as far as his family and himself is concerned, and they don't have a case here.

Now let's take a look at what they think you might buy for a case. They know that they have to prove some kind of source.

Of course, you have opinions. You can't escape them. There has been a lot in the newspapers about these people. But here we have to try the case on the evidence that is in here.

I don't know what you thought about Mr. Barnett bringing that convict in here, but I will tell you how it impressed me. It showed their desperation. I knew what he was trying to prove, and you probably know it by now.

Remember, the convict sat there about twenty minutes telling us about his record? Then he winds up telling you that he knew Paul down in the penitentiary.

Well, supposing he did? No matter what he said that was before the parole and it was before the indictment years.

2338 Then he says he went and got some records out of the office and got Paul to look at them and took the records back in the office.

Then they get down to what they put him on to prove. He said that Francis Curry came down to the penitentiary. Joe Accardo came down to the penitentiary. Well, who is Francis Curry, as far as this record is concerned?

Francis Curry was paying so much an acre and operat-

ing the farm. It would be natural for him to probably have some difficulties that had to be straightened out, and he went down to see the owner of the farm, Paul DeLucia.

2339 So Paul, according to this convict, said to this convict, "These fellows come down to see me when they are in trouble, and I wish they would leave me alone and not bother me with their troubles."

What does that mean? It could mean almost anything. You are supposed to take the innocent construction. Mr. Barnett would like to have you believe that that is evidence from which you could say, by the remark that was dropped, what kind of business is Curry in? He is in the slot machine business. Well, they want you to jump from that to the conclusion that Paul must have been in that business with him, but there is no proof of it.

But that is what they call proof. They don't do those things without thought. They bring that convict in here.

Then you heard me say, well, you have had enough trouble in this world, haven't you? I am not going to make more for you, goodbye.

I figured you would have sense enough to know that he hadn't said anything of importance in the case.

2340 Think about how easy it would have been to cross examine him. I could take some law student and bring him in here and cross examine that fellow. With that record?

First, I could develop and I could ask him how in the world after you have been in and out of jails all your life and penitentiaries, how is it when you get into Leavenworth you get a job with the warden, helping him keep records and assign prisoners to different places?

2341 And I don't know what he would say, but I would suggest for the next question he probably made that

by being an informer in the penitentiary. That is probably what he was. Then I could ask him how he got here from California, who paid his expenses, what other trouble he is getting into now, how the Government happened to find him, with thousands of prisoners.

Why should I go into that? When you analyze what he said, it doesn't mean anything.

Now, another one they put on—this is done intentionally to give you this evidence of source of income—they would like to show you by innuendoes that Paul was getting money from the slot machines or the bookie business. So, they put on a young fellow who was in business with Paul's son-in-law, Benny, and he winds up telling us that that concern did business in the electrical line in a lot of bookie joints around. The sheriff ought to send for him. The police ought to send for him. They have trouble proving the place is a bookie joint. We know there are bookie joints around, but
2342 you have to have some proof it is a bookie joint before you can accept it.

But, just remember he didn't say a word about Paul getting those jobs or having anything to do with them or getting money out of the jobs, did he? Yet, they want you to jump at the conjecture and to the conclusion that because the son-in-law was around getting that kind of work, that Paul was getting money out of it. Who would have the best evidence how much he got paid for the work? It would be the contractor.

Don't you think the agents were out there talking to the contractors? Don't you think the contractors know how much was made, what taxes were paid on it and all of that?

They don't bring in that kind of evidence. They bring in evidence that some fellow who was a partner, bought out the business. What did it amount to when you boil it down? It amounts to nothing.

So, there you have it and Mr. Barnett said to you in sort of a challenging way—it is kind of clever—he said,

"This case boils itself down to whether Paul De-
2343 Lucia had $300,000.00 in the attic. If he had that money, we might as well close out this case."

Well, that sounds dramatic, but we may never get to that point. I don't have to meet that sort of challenge so far as Paul DeLucia is concerned, because you know from the indictment that the only time, and the only reason the Bureau of Revenue had any jurisdiction over this matter would be if Paul owed them some taxes.

If Paul didn't owe them taxes and if they haven't been able to prove a tax case here, you would never get to the question of whether that $300,000.00 was in the attic, in the basement, or wherever it was, so long as Paul had it.

Now, they say, "Well, we have shown, we have shown you that Paul has denied getting that money, that movie money" or "extortion money" as they call it. Well, supposing he has?

But, don't you think that Mr. Barnett ought to make up his mind by now. He is a lawyer. He has has a lot of time to think about this case. Don't you think he ought to make up his mind whether Paul got that four hundred and four thousand or one million eight hundred thousand or any part of it.

2344 He blows hot and cold. He puts in evidence that the money was obtained and puts in some figures. They come in with some Kefauver Committee reports and Hoffman reports and show that Paul says he didn't get the money.

These things can all be explained. These things can all be easily explained. I am going to give you a definition of a lie that I like.

A lie is an untruth to a person who is entitled to the truth on that subject.

I will repeat that: A lie is an untruth to a person who is entitled to the truth on that subject.

We are all placed in positions sometimes where we have to tell a little falsehood or maybe a big one. You can imagine those situations as well as I can, but let us bring that right down to this case.

A prisoner serving ten years in the penitentiary naturally talks with other prisoners and finds out something about how they operate. They are granted what they call hearings before the Parole Board members when they visit the penitentiary.

2345 You can imagine what those hearings are. You can also picture that the prisoners probably talk among themselves and they let those Board members hear what the Board members want to hear. They want to get out of there.

So, if a Board member goes down there and asks Paul DeLucia in the penitentiary—this was all developed in the Hoffman hearings. It is not news to Mr. Barnett; he knows all about this—he told Mr. Rogers, Judge Rogers, the heard of the Parole Board, when Judge Rogers asked him if he got any of this movie picture money, Paul said, "No."

Well, maybe that wasn't the truth; I don't know. Maybe if Paul said, "Yes," he would still have been in there or he may have died in there or something.

So, he put himself on record and there was a stenographer there and they took a statement.

Then, along came the Congressmen. They want to not only put Paul back into the penitentiary—that is part of it—but, the main target was the Board. They wanted to disgrace them before the public, show
2346 them there was a mess in Washington conducted by the Democrats.

The Board members had to protect themselves and the Congressmen were saying, "What were you told by Paul DeLucia? What investigation did you make about this money?"

And, the Parole Board people had to say, "He told us he didn't get it."

Hoffman said, "Don't you think you should have made a more thorough investigation? Don't you think you should have required that money to be paid back to these movie people before you let them out on parole?"

So, Paul DeLucia was committed, but, he was called before that Committee. What was he going to say? He was on parole and he was asked again, "Did you get that money from the movie people?" And he said, "No," which you would have said or anybody would have said, regardless of the facts.

2347 Then, after he said it under oath before the Hoffman Committee, he is brought in before the Kefauver Committee and he is asked again, "Did you get that movie money?" And he said, "No."

What would have happened to him if he said, "Yes"? He would have been indicted for perjury. He would have had two different statements under oath.

So, if you explain things in that way, you find that they don't have anything, that it doesn't mean anything.

And when the Congressman says, "Well, didn't you demand that restitution be made?" And the Congressman didn't care what the record showed in the New York case, which showed that the people who gave the money, charged it off in their income tax as expenses; it was disguised in their books. You have got a list of checks there. Do you think they were giving checks to Bioff and Browne on this shake-down money that was given freely by them? You don't know, but, anyhow, it was covered up and those movie people weren't asking for their money back.

2348 Some Congressman that was trying to make headlines was saying, "Why didn't you get the money back?" That is how unreasonable they are.

That hasn't any place in here. If they don't have a case, if they haven't proved these things which they have to prove, there is no use of us talking about it any more.

Let us do a little arithmetic. I want to be sure you understand what was developed here with Mr. Ruggaber. If I gave you an inference that these agents are crooked and are all shakedown people, I want to qualify it a little bit. There are some honest ones. You know, there is bound to be.

Mr. Ruggaber I would put in that list. He was very frank in answering me. It took me a little while to understand it and I want you to understand it.

Let us take their arithmetic. Now, if I can understand it, you can understand it. I am not going to go into little figures of a dollar and a quarter here and a dollar and a quarter there. I am going to get into
2349 big figures. You had these charts. They put big figures in the indictment. They wind up with smaller figures.

But, Mr. Barnett told you if Paul had the $300,000.00, then that is the end of the case. I will amend that a little bit and say if Paul DeLucia had the $300,000.00 anywhere, that is the end of this tax case.

Now, here, let us see where we can find that $300,000.00. In their whole case we can't find it.

Now, you remember what Mr. Ruggaber did and it is kind of repetitious, but I want to make sure you understand it. He sat down in his office and he made out a report upon which a ninety-day letter was written showing what Paul and the rest of them owed.

He took four hundred and four thousand of what he figured each one of those people got out of that movie money. Then he took Paul's return and each place where he found on the return "Miscellaneous" he gave Paul a break; he said, "I will figure you are putting part of the four hundred thousand in there," and reporting to the Government and paying tax, but, that may
2350 never have happened. Paul may have gotten the four hundred and four thousand and put it in his pocket and put it in his attic or put it in his vault or anywhere, so far as Mr. Ruggaber knows.

And, here is the difference: You start doing the figuring right from their figures. They wind up with giving us about $232,000.00 after they take this 177. You know if you had those figures before you, the part that Mr. Ruggaber gave Paul credit for was about a hundred and seventy-seven thousand. Paul paid tax on that much during those years which Paul called "Miscellaneous."

Well, if that was under income, then Paul had just that much more money you have in the beginning of this period that they are talking about in the indictment.

So, if you take their figures, you will find that $232,000.00 which Mr. Ruggaber winds up with as being in Paul's hands—then they don't have enough.
2351 You see, if they refigure that the way you should refigure and say, it is just as reasonable to say that Paul was getting the $400,000 and putting it in his pocket and also getting "Miscellaneous."

What was Paul doing, just sitting down and getting fed from that money and getting no other money? Do they want you to believe that? They can't ask you to believe a thing like that.

He was reporting miscellaneous income. The Government people don't like that business of reporting miscellaneous income.

Supposing a man in some gambling business or something like that decided that he would be honest with the Government and he would comply with all the regulations? Well, you know where that would lead him. You have to make what is called "Information Returns."

You know enough about the tax laws to know that. If you get something that is over 600 bucks from somebody, you have to inform the Government by making out a little slip and that is for the Government, so the Govern-
2352 ment agents can go over and see that person and see if they are paying tax on that.

Supposing a gambler sat down and said, "I had an expense of a thousand dollars, paid to Captain So-and-so of the police force"? What would happen? The Government would go over there and if he would say he didn't have it at all, of course the joint would be closed if that happened, you know.

So, Uncle Sam is a partner of these fellows, but he treats them rather shabbily. He should understand they have expenses, so long as they pay the net amount. You know what happens with the fellows in a gambling business. They don't want trouble with the Government.

They pay $75,000, $80,000 a year in taxes. What is it for? It is sort of insurance to keep those agents off their necks. They want to live up to a certain style. They pay that package.

Paul DeLucia—you know enough about his affairs now—he could have stopped anytime and said, "I will pay you nothing. Go out and find where I have made some money."

Well, they haven't.

2353 These agents, they came from New York. They came here from New York and they have a big bunch of files. They haven't found one nickel that Paul made that wasn't accounted for.

If he wanted to get in trouble with the Government, he would have filed these returns where he doesn't have any profit or where he had a small profit.

Take the ordinary businessman. He has got 100,000 and he gets some idea, like Eskimo Pie, or something like that. It looks like it will make a lot of money. He puts his capital into that and he has a lot of trouble with the Patent Office and making arrangements for this and that and then it hits, the public catches onto it and it sells and he makes $100,000 the first year.

What does Uncle Sam do? He wants $90,000 and he gets it.

Supposing the fellow loses the $100,000? Where is Uncle Sam then?

He is not around. He doesn't care about what you lose.

2354 I am not going to spend a lot of time talking about things you can figure out for yourselves. You get into a kind of mess about these things because of the conduct of some of our lawmakers.

I suppose I could get into a controversial thing if we were deliberating and brought up the subject should we have legalized gambling.

2355 There are persons and groups who would argue about it. One thing about it is if you try to get it, you would get opposition from the church people and the reform element. But, you would have opposition from the police, too, because if you had it legalized, you would have to rig it up.

Here you have the ridiculous situation of passing a law to make it legal to bet at the race track and you have the Government passing the law that you pay $250.00 for each year for a slot machine. They want their profit out there and they want their pound of flesh and they come around and hound and harass, and Mr. Barnett stands

up before you and makes an argument which could be laudible except in this case.

He said the Government needs the tax, the service needs it for research, the geophysical year.

They have spent more money harassing and hounding Paul DeLucia than they have gotten in taxes from him and they spent it before the trial. Don't let them talk about taxes. Let them give a little better accounting for the ones they get.

2356 I am going to talk to you about another subject that hasn't been mentioned here because it is kind of a man-trap and one of the most dangerous things you come up against in one of these courts is conspiracy and indictment, because, a lot of times, the jury mean well and they figure, "Well, there isn't enough proof on the charge that is in those counts but this conspiracy, we will convict them with a conspiracy."

Well, you have no right to do that unless you have the evidence. In order to have the evidence, you have to know enough about what is required to be proved.

The Judge will give you an instruction and it will say conspiracy is an agreement between two or more persons to commit an unlawful act or to commit a lawful act by unlawful means.

Well, of course that last part doesn't come in here at all.

So, you have got a conspiracy charge in here and it says that these people who are on trial and those two only, and if you put one, you have to put both of

2357 them— because you can't have a conspiracy unless there are two or more people.

The indictment says Joe Bulger and Paul DeLucia conspired to make these false statements to the Revenue people, which was within the jurisdiction of the Revenue people and, if you find them guilty of that, you find them guilty of conspiracy.

Now, in the State court where Judge Miner served most of his time as judge, the conspiracy can be complete if the parties get together and agree; if the State can prove in some way there was an agreement—why, then that is a crime, the agreement is a crime.

In the Federal court they have added something to that and that is where the overt acts come in.

In the Federal court there must be an overt act in addition to the agreement.

The Court will instruct you. Of course, it is one of the dangerous instructions. They say that under the law it is not necessary for somebody to listen in and to have heard the people agree. That is true.

2358 The agreement can be proven by the actions of the parties and that is true of any crime.

I want to give you a supposition and that is to show you how you can prove a conspiracy circumstantially, a case where there couldn't be any question about it, without any of this business about taxes and so forth.

2359 Supposing two young fellows sitting in the bar room in a saloon agree to go out and rob with a gun? Now, if a bartender overhears them and informs on them and appears as a witness in court against them, they will probably have direct evidence that those two young fellows sat down and made that agreement.

Or, if one of those young fellows, after the arrest, turned State evidence and if an accomplice witness says, "Yes, we had the agreement, we made it in the saloon," that is direct evidence.

But, they don't need to have that. Now, supposing these young fellows after they make that agreement in the saloon go to the bartender and borrow a gun? That might be regarded as a step of preparation.

There is quite a controversy you can get into, a difference of opinion, about what is a step of preparation and what is an overt act.

But, I will carry this imaginary conspiracy a little further.

Supposing the Government doesn't have any evi-
2360 dence of the agreement itself having been made but they have witnesses who saw these young people what it was that they did and they saw, this witness saw a pedestrian walking along a certain street, saw one of the young people coming down opposite him on the same side of the street, saw the other companion coming down on the opposite side of the street, and that companion stepped off the curb and walked across and the two young people convened at the point of the pedestrian and one of them produced a gun and the other one went into the pockets and not a word was spoken but you could tell from the conduct of those people that they were engaged in something by a concerted action which was an unlawful commission, a conspiracy—you can pick out any one of their actions which they did, which was in furtherance of that conspiracy and you would have an overt act.

You could take where that young fellow stepped off the curb and started to go across the street. It is something public, something manifest. It is in furtherance of the conspiracy.

2361 Now, that overt act is necessary and it has to be committed by one of the conspirators. If the witness said he saw the young fellow's mother come out and step off the curb and walk across the street, you know the mother, she is not in the conspiracy. She can't commit the overt act.

So, once you get an understanding of what is an overt act, you can kind of imagine how I might feel when I picked up this indictment and find my name in it.

2362 And you know it is in there because one of these overt acts was committed on September 1, 1954

when "I, Paul DeLucia" appeared in the Revenue office and Tom Smith was in charge of the group. Mr. Bernstein was there. And we read it to you like a play.

They say in their indictment that that was one of the overt acts. They say in the top part of the indictment, or in part of it there that it was an overt act because Paul caused us to make false statements.

Now, it couldn't be an overt act unless we were in on the conspiracy, and we weren't. There is no proof we were.

You heard what I said. Did I tell them anything that I represented to be a fact? I read my part to you. Did I tell anything that I represented to be a fact? I practically said, "You have no case and you can't prove it and if you think you can, go ahead and try."

But then Mr. Bernstein and I—both—he said, "What are you going to do about the $300,000.00 that Paul
2363 DeLucia testified to before the Kefauver Committee?" We were asked questions. We weren't stating what the facts were.

They told us they hadn't made up their minds about that. And, they call that an overt act. Then, you have another overt act where Joe Bulger went up into the Revenue office. But, Paul DeLucia wasn't there and I wasn't there. And Paul DeLucia is entitled to the same kind of trial as if he were here alone. Other people can't make evidence for him or against him.

So, they are lacking in their case. This business of it being a man-trap or a conspiracy, they just don't have the evidence. If they can't prove the guilt of the crime itself of his evading the payment of the taxes, you can throw the conspiracy out, too, because there is nothing to it.

Well, I am about through. I wish I could read your minds or I wish I could hear some of your discussion

when you start out on something and I wish the procedure were such that you could ask me some questions.

But, I might add this: You know you are dealing
2364 with, as Mr. Barnett said, "These people are intelligent." If they rise at all, they have to rise in a jungle where it is probably harder to rise than it is in other walks of life.

They become quite realistic and they learn from experience the best way to not get caught at something is not to do it. You don't find them around talking, or talking about their business. They, of course, have a little different viewpoint than you folks have, but, give Paul DeLucia credit. I mean, he isn't going to put his head in a noose.

2365 You couldn't picture a man—and they say he regarded his family as something to protect and he told those Senators, he said, "I want to make it."

He had a responsibility and he had the money and do you think if it was money—now, don't forget this:

Mr. Barnett told you in his opening and he has to tell you in his closing that if that money, it doesn't make any difference where it came from—they could have stole it, got it from other people in the crowd—if they had it before the opening period here in the indictment, that is the end of the case because Mr. Barnett has to satisfy you from the evidence that—Paul DeLucia while he was on parole was having to make reports to his officers and was having them out there and having them check—he was getting income.

"Now, Paul, the only way he could get income is probably through something illegal. He is not trained for anything." And, of course, he is trying to build the
2366 farm as a source income so he could show these people he had something that they could trace.

And who did he deal with in connection with that farm? What companies did he deal with? Armour Company. There was nothing wrong with who he was dealing with.

He was careful to keep himself clean and this is his reward. He was put on trial here and it is dangerous to be put on trial.

And, I wish, if you have something troubling you I could find out what it is, but I can't. I have done the best I can.

I told Mr. Barnett before he made his argument that I wasn't going to object because there is no use interrupting and I am going to adopt that same policy when he closes here. Let him tell you anything he wants.

But, each time he tells you he has proved something, you try to remember what the evidence is, and see if he has proved it and see what he says about what I have said to you.

He has indicated, when he started out, that he would
2367 prove that the money came in to Paul as income during the years charged in the indictment. Now, they have no such proof, and, without that proof, of course, they have no case.

I am going to thank you now and, I am going to thank the Judge again.

* * *

CLOSING ARGUMENT FOR GOVERNMENT.

2468 * * * Now, that was the the tax paid. That was the tax settlement. I mean, it was eventually settled for a lot less than what the Government charged. But that is the thing that the Government went into in 1945.

Now, if you recall, Mr. Bernstein had conversations with Mr. Marsh, Mr. Clayton Marsh.

2469 And, Mr. Bernstein told Mr. Marsh, not once, but several times, that Paul DeLucia had reported all

of his income on those returns for that earlier year.

And the inference is left with you here that Mr. DeLucia settled that tax liability in order to be free to go out on parole.

I don't know whether it is true or not.

The current claim is if you have a tax liability outstanding against you, you can't be paroled from the penitentiary.

I don't know whether that is true. I don't think it makes any difference.

The fact is eventually DeLucia, through Mr. Bernstein, agreed to pay the tax, not on the additional tax charged by the Government of $227,000, but one-half of it, a little better than a half, $114,000.

So, in that proceedings he was claiming not to have received $404,000. He was claiming not to have received anything and was settling this thing purely as a nuisance matter in order to be available for parole.

2470 I may come back to that subject a little later but I would like to continue on another point.

Incidentally, Mr. Green mentioned that the Government must prove this case beyond all reasonable doubt. That is not true.

The Government must submit sufficient evidence for your consideration from which you may determine the guilt of these defendants beyond any reasonable doubt. There is a big difference between "all doubt" and "reasonable doubt."

His Honor, Judge Miner, will instruct you on what a reasonable doubt is. It is not some thing fanciful. It is not something suppositious. It is something real, something that would cause you in the normal affairs of your life to pause and hesitate before acting.

It is not these fanciful tales that have been told in this court room by the defense attorneys, unsupported by evidence.

Mr. Green made reference to the statement of Mr. Garden. Incidentally, everybody talks about Mr. Garden.

Mr. Stewart suggested that perhaps we had put
2471 Mr. Garden on without knowing what he was going to say, that he blurted out something that we had to explain later and couldn't understand it.

Mr. Gorman referred to Mr. Garden as having told that fantastic story. Mr. Green, on the other hand, he wants to adopt the story of Mr. Garden. They are not sure just exactly where they want to go on it.

We know where we want to go on the story of Mr. Garden.

2472 Mr. Garden testified, and it was beyond question —he wasn't cross examined, nobody asked him a question when he was turned over to the defense for cross examination—but, he testified that he had a meeting with several men, two of whom were DeLucia and Bulger and that, as a result of several of those meetings with this group of men, they began building the Italian Village.

He testified that the total cost, as he recalled it, of the Italian Village, was $180,000.00.

He also testified that not all, but some of the money that was spent in the construction of that village, funneled through Schmidt, Garden & Erikson, that the money came in there in currency; that when he called Paul the next day, Paul came in with the money. He didn't know how much it was. He did remember a figure of $18,000.00 which was one bill.

We put the books of Schmidt, Garden & Erikson in evidence and those books show that the actual cost of that village, I think, including Schmidt, Garden & Erikson's fee, architect's fee, ran a hundred and ninety,
2473 rather than a hundred eighty thousand. And they also show that of the funds that were expended for

the erection of the village, approximately ninety thousand was paid for through Schmidt, Garden & Erikson.

In other words, the other one hundred thousand was paid directly by the parties who were financing the Italian Village. The ninety thousand cleared through Mr. Garden and presumably Paul Salvi brought the money to Garden, so, Paul Salvi must have brought in ninety thousand.

Now, what is our point on that? They tell you that is a hundred and eighty. They forget about the "ninety." They talk about a hundred and eighty and then they say, if Paul had this kind of money, then he must have got it from somewhere, he must have been a bigger crook than the Government ever claimed he was.

They suggest he was a bootlegger from 1920 when he came in this country, to 1933. I don't know whether he was a bootlegger or not. There certainly is not a line of testimony with respect to that. There is not a pieee of paper in evidence that indicates that Paul DeLucia
2474 was ever a bootlegger. He may well have been. I do not know. He has never admitted that he was. He has never claimed that he was.
2475 One thing I do know is this, and if you will look at the history, you can see it so plainly. He lived in modest circumstances from the time he got off that boat until about 1934 and it was only in the '30's, when the extortion money started rolling in that his rise in living standards began.

Now, there is a presumption in the law, that the defense are inclined to criticize, that where a man files a return, the Government has a right to rely upon that return as truthfully reporting the man's income and the Government further has the right to rely, in a case such as this, on the man who is being charged with evading tax in a manner such as we have proved here—the government has a right to rely upon his previously filed returns.

* * *

2476-2477 • • •

2478 • • • Mr. Gorman has complained about the beginning of the conspiracy as charged in the indictment, being 1950. I don't know whether he said it or Mr. Stewart said it, but they tie in the statute of limitations some way. I don't understand it. I don't understand what they are talking about. If there is any statute of limitations problem involved in this case, his Honor Judge Miner will explain it to you.

But the date was selected, 1950, because Joseph Bulger told us in the grand jury that that is the first time he had a discussion with Mr. DeLucia about the $300,000.00.

To do him justice, he said that was the first time
2479 he discussed it with him after that fateful day in 1947 when he allegedly returned with the key to the tin box.

Another point Mr. Gorman, Mr. Stewart complained about was the inferences that I drew from the testimony of Shirley Torrey Dardis. You recall the original story. The first time this story was every heard, incidentally, was the story that Mr. DeLucia told to the Kefuaver Committee wherein he first starts off by saying, "I got mixed up on that. I had some in the vault and I had some at home. I went to the vault and I brought it home." This was just before he went away to the penitentiary.

2480 Shirley Dardis testified that she left immediately after the trial was over. She arrived home on Christmas Eve, the 24th day of December. The verdict was returned in that case at 10:00 o'clock at night on the 22nd.

Paul DeLucia could not have returned to Chicago any earlier than Shirley Dardis because the defendant must be there when the verdict is brought in. So I think my inference is very fair that Paul DeLucia, whenever he

got to Chicago, and Shirley said she went alone, whenever he got to Chicago it must have been no earlier than when Shirley Dardis did, if as early.

So obviously he had very little time to go to a vault, if any vault would have been open—I don't know, I think the vaults close at 4:00 o'clock in the afternoon. He would have had to get in some time before 4:00 o'clock in order to trot over to the vault in the First National Bank, take his money out, and bring it home.

Can you imagine Mr. DeLucia coming home after that trial is over and the verdict was rendered, and the first thing he does when he gets off the train, if the
2481 train was on time and if the train got in that early, the first thing he does is go to that vault and take it out?

There is no particular reason why he has to do it that day because they were home all week. He could have gone after the week-end was over. He didn't have to do it that specific day. But at any rate, I think the entire story is preposterous, to begin with, that he would have done it in that manner. I think the way Shirley told that story of how she came home on Christmas Eve makes it impossible for the act, that he claims to have taken place, to have taken place.

As a matter of fact, I think when he told that story to the Kefauver Committee, he wasn't even considering the relationship to Christmas in the telling of his story.

Mr. Gorman wants to bring me into this act. He wants to know what the prosecutor really believes. I am not afraid to tell you what I really believe.

I believe that the evidence in this case is as convincing, is as foolproof, is as airtight as any case I have
2482 ever seen anywhere or heard of or read of.

I think that the evidence in this case positively and conclusively proves both Bulger and DeLucia are

guilty beyond any reasonable doubt whatsoever, even beyond a fanciful doubt, I would say.

2483 He queries whether I believe that Paul DeLucia is a good family man. I don't know how well Mr. Gorman knows Paul DeLucia. I assume that Scott Stewart knows Paul DeLucia quite well.

I think Scott Stewart cast some aspersions upon my remarks about Mr. DeLucia being a good family man.

All I know about Mr. DeLucia is what is in the record here in so far as his family life is concerned. I may know many things about Mr. DeLucia and his affairs that the evidence doesn't show here, that I can't talk about and wouldn't. I say I may, I could.

But as to his family life, all I know is what is in the record. According to this record, he is a good family man. He has been married to the same wife since 1927. He has taken care of his children since the day of birth down to the present time. He has showered them with material goods. He has provided for their future benefit and welfare.

This we know from the record. We also know from the testimony of Mr. Gibson at Atlanta Penitentiary, Mr. DeLucia said there was no marital discord. The

2484 marriage relation was perfectly all right. Mr. DeLucia told Mr. Gibson that in 1944, April of 1944, four months after this alleged act whereby Bulger and he sat down and counted money in a tin box because he couldn't trust his wife.

Mr. Gorman wants to know "Would you want any relative of yours convicted on this type of evidence?"

I wouldn't want relatives of mine convicted on any type of evidence. I am sure you feel the same way.

What kind of evidence does Mr. Gorman want? What kind of evidence is there? I don't know what Mr. Gorman

would be satisfied with. I am sure, I am positive, that no matter what we brought in this court room, it wouldn't be enough to satisfy Richard Gorman, or would it satisfy Scott Stewart, or Joseph Green. No matter what we brought in it wouldn't satisfy them.

* * *

2485 * * * Mr. Stewart has certain criticisms to make of the evidence, the investigation, the agents, everybody.

He criticized at some length the fact that Mr. Paul Mahon took the stand and testified that he had checked the Probate Court records for estates in the name of DeLucia and Giganti.

If you were looking for an estate being left to Paul DeLucia, would you, as Mr. Stewart suggested, look under the name of "Schultz" or "Jones"? Who are the persons of whom Mr. DeLucia is a natural object of bounty, other than his own relatives, and his wife's relatives?

As far as I know, it is true his parents never came to this country, but his wife's parents did. There is no record of any estate leaving any money to them.

Actually, that is one of those supercautious checks
2486 that was conducted by the agents. They didn't actually have to go and check a record like that. I mean, they were not required to under the technical provisions of the law.

For what way? Because of this: The only explanation that has ever been given as to where those moneys came from that were expended in 1948, '49 and '50 was that there was $300,000 in a box, and Mr. Bernstein had submitted to Mr. Joseph B. King an analysis of funds available, where Mr. DeLucia got his money.

He didn't say a word in there about any inheritances or gifts, although he did include loans.

Incidentally, that analysis which he submitted has so many holes in it that it is laughable. He duplicates figures. He includes in there income twice, items like that.

It would be nice to have him explain that to you.

2487 But be that as it may, nowhere do we claim that Mr. DeLucia had received any inheritances from a man named Schultz or Jones, or anybody else, for that matter.

Mr. Stewart made a remarkable statement, I thought, just simply remarkable. He said this: These people—these people like Paul DeLucia, they report a token sum of money on their returns, $70,000.00, $80,000.00 a year, so that they will be permitted to live according to a certain standard.

Well, I think by now you understand this expenditure operation; that if a man is going to live in a house in River Forest and he is going to support four cars, two Cadillacs and two Oldsmobiles, and if he is going to have children in expensive schools, and if he is going to live well, nosey tax agents may be inquiring as to where he got his income.

If they find a man living on such a grandiose scale, and they can trace down those expenditures, and they find he has reported no income, they have a tax case on him.

So these clever people, the way Mr. Stewart tells it, it is out of the goodness of their heart, but these

2488 clever people report enough on their tax returns from miscellaneous sources so that if an agent comes in and he says where did you get that $25,000.00 that you spent on that house? He will say, well, I reported enough money to cover that.

If the agent finds that the man has received a check from a Las Vegas gambling house for $40,000.00, what did you do with that money? Where is that on your return?

"Oh, that is in that miscellaneous."

You can never trace it down. You can never be sure that that $40,000.00 that he got from a gambling house in Las Vegas is actually part of the $70,000.00 that is on the return because you don't know what else is on the return.

That is the way those people operate, says Mr. Stewart.

In other words, those people are above the law. They can report what they feel like reporting. The rest of us have to pay our taxes. The man that is in business, that keeps books, he has got to make them available to the tax collector and show him where his source of income is.

2489 But Paul DeLucia doesn't have to do that, according to Mr. Stewart. And then he wants to indict us for bringing a case against him.

He criticized Paul Mahon for jumping to conclusions. But he didn't like the answers that he got from Paul Mahon. He was all hot to get after Mahon when he was talking about the $10,000.00 on Ned Klein's report at the end of 1939. He thought that the Government had based the entire case upon the Ned Klein report.

I don't think for a minute that he didin't know everything that was in that report. And that is what he thought that he was going to get after Mahon and show that our figures were at fault because we had based it on Ned Klein's report.

He was confounded when Mahon explained to him we didn't use the admissions of Mr. DeLucia as made on Ned Klein's report. We didn't use that admission of Mr. DeLucia that he had had only $10,000.00 on hand at the end of the year. We credited him with having $190,000.00 cash on hand at the end of that year.

2490 He didn't cross examine Mr. Mahon very much

after that. He left him with the words, "I will recall you for further cross examination," but he never called him back.

He talked about Tom Smith. I asked Tom Smith to repeat one conversation that he had with Mr. DeLucia. In the orderly procedure with which we atempt to put in evidence, in my opinion it was not yet the time to put in evidence the story that was told to Smith, Stonesifer and Scholz, and that is why at that time I did not ask Smith about the conference that took place on September 1, 1954.

Mr. Stewart recognized that, and he said that he would like to cross examine Mr. Smith about that conference. He knew that he was not entitled to cross examine him about that conference until Mr. Smith had testified about that conference.

And so, with my agreement, he reserved his right to cross examine Tom Smith until a later date, after that September 1, 1954 conference had been put in evidence.

Well, a couple of days lafer that conference did go into evidence, but he never called Tom Smith back to the
2491 stand to cross examine further about that conference.

There was ex-Revenue agent Stonesifer on the sand. Stonesifer said that the books were inadequate to correctly determine net income for tax purposes. I don't know how many times he said that. Certainly every time Mr. Stewart asked him that, he said it.

He had specific reasons for it.

Receipts were being shown to have entered the books, credited to DeLucia's personal account, and there was no way from those books to tell where those receipts came from.

There were receipts that were shown on the books that you could determine from the farm. There were receipts

from dividends. There were receipts from miscellaneous sources, but there were large cash items dumped in the bank—I read the deposit tickets to you yesterday morning, part of them, at any rate.

Those deposit tickets are credited on the books to Mr. DeLucia's personal account, and who knows where they came from? Who knows?

2492 The only explanation ever given was that they were previously acquired funds— a ready answer. He has always got that ready answer.

"Tell me what you think I have spent, and I will have enough in the attic to cover it. Previously acquired funds."

Mr. Stewart, everybody, I think, complained about the witness Winkleblack. He was a pretty clean looking fellow to me. He has had his troubles with the law. He has served his time. He has been in no trouble for the last five years.

He served some time in Leavenworth at the same time that Mr. DeLucia was down there. He did some favors for Paul DeLucia, as men in prison, I suppose, do when a big shot comes down there.

2492 And he was present for several conversations between Paul DeLucia, Frank Maritote and Louis Campagna, the big three. He overheard some of their conversations. He overheard about Accardo. He knew Accardo and Curry had come to the prison. He overheard Paul DeLucia complaining about their coming down to prison.

They say—I don't know what they say, but they seem to think that we are not entitled to hear a story from a man such as that, to hear his testimony.

What does Mr. Stewart say when Mr. Winkleback had concluded his direct testimony? He said, "You have had a lot of trouble with the law, haven't you?"

Mr. Winkleblack said, "Yes, I have," very politely.

Another witness might have said, "So has your client." But, at any rate, Mr. Stewart said, "Get out of here. I don't want any more of you." Darned right he didn't want any more of him.

Nobody cross examined Winkleblack.

2494 Now, they want to impugn his testimony. The time to show a witness is a false witness is when you have him for cross examination, not after you have waived him off the stand and want to talk about it in closing argument.

The witness Wilczak said he was an employee of Alex Ponzio, son-in-law of Paul DeLucia. There is a lot of ifs about his tstimony now, but when he was on the sand, nobody wanted to ask him any qeustions.

He had no record. He wasn't a man who had served any time. He wasn't a man who had ever had any trouble with the law. He was a very honest citizen who had the guts to come forward and tell the truth. But, they didn't want to tangle with him on cross examination.

They want to indict the Sheriff of Cook County, now. There was some conversation about the Bennett loan.

* * *

2495-2497 * * *

2498 * * * There are quite a few questions that I would like to ask Mr. Hugo Bennett if I had him on cross examination. But, if I put him on, I have got to vouch for him. When I put a witness on, I am supporting the truth and veracity of what he says from that stand.

What did I feel about putting Hugo Bennett on? The next thing is, I would have to try and tear him down.

Another thing about that Bennett loan, Mr. Stewart commented that the witness Dick, of whom he did not ask a question on cross examination, repeated a story of

what Paul said about the second mortgage and he said, "You know, Paul doesn't talk too good, and you might have misunderstood him."

When he had him on the stand was the time to ask him questions like that, not when he is arguing here.

But, he didn't ask Dick whether he understood Paul, or how well Paul spoke.

2499 Well, I don't suppose any one of you has heard him speak in person, but you have heard read in the court room colloquies between DeLucia and Senator Kefauver and the Grand Jury, with then Assistant United State's Attorney Lawrence Miller.

He doesn't sound like an illiterate, hard-to-understand person, does he?

He sounds like a highly intelligent man that knows how to make himself understood when he wants to be understood.

2500 About that second mortgage. Everybody knew about the first mortgage when the deal was started upon. Why didn' Paul tell about the second mortgage? I will tell you why. It was such a phony mortgage that he had forgotten about it. It just didn't occur to him and the formalities of reporting it had slipped his mind. He had signed a paper in connection with that mortgage in Lawyer Butler's office and he didn't think any more about it. He didn't think about the circumstances under which Lawyer Butler would go and have it recorded, just neglected it entirely. So far as he was concerned, it wasn't a mortgage of record and he didn't know or he didn't realize it was a mortgage of record until Mr. Dick told him they had discovered it.

Mr. Stewart doesn't like that word and he says it is a prosecutor's word, but, they discovered it, they discovered it in their process. They weren't informed of it by Paul DeLucia.

Mr. Stewart complains about who is prosecuting this case. He complains about the agents. This case was
2501 brought to prosecution in this court room as the result, the end result—not of agents, not of officials in Washington, not of officials in Chicago, but, by the actions of the grand jury of the Northern District of Illinois, twenty-three people good and true, selected in the same manner that you people are selected; they came out of the same jury selection panel box as your names did and, before those people, the Government is required by the laws of the United States, to present sufficient evidence to give that grand jury probable cause for believing that a crime has been committed and that the persons who are accused are the ones who have committed the crime.

That is what brought this cause to issue, not the agents, not the attorney general, not anybody else in the Government.

Of course, it is true the Government agents had to investigate the case.

Mr. Stewart attempts to inject some partisanship in the matter. The agents on this case are all career men. Mr. Ruggaber has 38 years in the Government service.

Mr. Marsh having retired after 35 years, Mr. Mahon
2502 24 years in the Government service, Mr. Saldana, 24 years.

Everybody in here has talked about lies and the definition of lies. Mr. Stewart says that a lie is an untruth told to a person who has a right to know the truth. He is hoist on his own petard.

Here is a man who for years has denied he had anything to do with the extortion money and now he wants to claim it. It is history.

He lied to Mr. Gibson in the penitentiary. Mr. Green thinks that is pretty funny. He didn't tell him about the $300,000.00. He thinks that is a joke.

He lied through his agent Bernstein and to his agent Bernstein about the receipt of that money when he was charged with it for tax purposes.

He lied in the Hoffman Committee hearings. He lied to the parole grand jury. He lied to Kefauver about the receipt of the extortion money.

Are we to believe now that he had $300,000.00 in a tin box in his attic? This is a man who finds it virtually impossible to tell the truth. It is easier for him to
2503 tell a lie than it is to tell the truth.

Did you hear that arrogant remark of Mr. Stewart's?

> "If Paul went to the phone today, if he crooked his little finger, $500,000 would come marching in that door."

Whose money is that? Whose money is it? Are we to infer that that is Paul DeLucia's money? If it is, he is a bigger tax evader than we ever charged him with being. If it isn't, what does it mean?

It means nothing except that Mr. Stewart wants to put Paul DeLucia above the law because he is a bigger crook than the Government ever charged him with being.

Then, he tells us a few little secrets about how Paul DeLucia operates. He says he gives Barnett the benefit of the doubt, "If he knows of these things; he doesn't know these things; he thinks a man would put his money in a safety deposit vault."

That is what I think,—I know, if I had $300,000, I certainly wouldn't be hiding it in my attic. But, at any rate, we have to know how Mr. DeLucia's mind operates.

He says, Mr. Stewart, he is not going to put it
2504 in a safety deposit vault where in case he dies the state inheritance tax office will put a plaster on it and he will have to pay tax on it. He is not going to let that money get anywhere where it can be taxed.

In other words, Mr. Stewart says that Mr. DeLucia is inherently a tax evader. There just isn't any other answer to it. He doesn't like to pay taxes.

And, as a result, the rest of us must shoulder the burden of paying the taxes that he does not see fit to pay.

He sees fit to report seventy or eighty thousand dollars a year from personal gambling and then he makes no records available to the Government to check on that, never any records, never any supporting documents. He will give you the horse he won on.

Sure, I can pick the horses after the race is over. That is no problem.

What about this little story that Scott told us about how Paul operates on parole, and he knows; he grew up in the Jungle. I agree with Mr. Stewart, Mr. De-
2505 Lucia knows how to operate and Stewart knows he knows.

He said, "The best way not to get caught is don't do it in the first place—don't do it in the first place."

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2506 * * *

2507 * * * By Mr. Barnett: I just want to make one further remark about that $404,000.00 business. That has been kicked around all over the lot so much.

Mr. Ruggaber, after his examination of the extortion trial testimony, concluded that DeLucia received $404,000.00, and we gave him credit in this case for having had funds available in the amount of that $404,000.00.

The only difference is that we don't give it to him twice. We only give it to him once. The defense wants us to give it to him twice. They say that he got the $404,000.00, but that none of the money on his returns came from the $404,000.00.

During that same period of time when he was receiving the extortion money, he reported a total income
2508 from miscellaneous sources of $177,000.00.

Now since nobody knows the source and nobody will tell us what the source is, we conclude, properly so, that his biggest gainful employment was the extortion business; and so the money that he reported on his returns must have come, at least substantially, from that business.

By suggestion and by innuendo, Mr. Stewart would have you to believe that he was also in a business which he called the gambling business at that time, and that he reported this money from the gambling business, but he doesn't report extortion money. He puts that in his pocket.

I don't think extortion money looks any different from gambling money when you have got them mixed together, and I don't think he cared which came from which. His main business was the extortion business.

It may be that he had other illegal interests that we have not been able to prove in court, and which, God knows, the defense have not proved in court. It may be that he did have some other interests. But his big
2509 substantial interest in those years was the extortion business. That was a pretty big business in its own right.

When the extortion business dies out and things get too hot, there are other fields to go into. There may be more extortion that we haven't found yet.

Mr. Ruggaber and Mr. Klein told you that the phraseology "gambling" doesn't really mean gambling. That word, and the word "Miscellaneous" are used by people like Mr. DeLucia as a cover word for any type of illegal gains.

Illegal gains are taxable, just as my salary is taxable,

just as your respective incomes are taxable. Wherever you get your money, the Government is entitled to a percentage to run the Government.

2510 If the Government is entitled to collect income tax from honest working citizens, why should extortionists, gamblers, bootleggers, outlaws—why should they be allowed not to pay their taxes?

Mr. Stewart has criticized our books—not our books. He has criticized our method of proof. He has criticized our figures. He says our figures are not good, and that the books of the taxpayer, DeLucia, prove that our figures are no good.

I don't remember whether anybody else said that or not.

He says that under the law, that being the case, we are not entitled to prove his income by expenditures. As his support for that position, he cites the Holland case.

* * *

2511 * * *

2512 Do Mr. DeLucia's books accurately reflect his financial history to the extent that we can rely upon his books to know what his income is, and we need not go through these laborious machinations of determining his starting point and determining his expenditures to arrive at income?

They do not.

Mr. Stonesifer testified that he had examined these books; that those books did not make it clear where the income came from. Large sums of receipts were dumped in there, which were not identified as to source, and that thereafter as an agent it was impossible for him to verify whether or not the taxpayer had truthfully reflected his taxable net income on his returns.

2513 Mr. Stewart cross examined Mr. Stonesifer. There was never any change. That is the way the evidence in this court room stands. Those books are inadequate to determine taxable net income.

In his opening statement, Mr. Stewart said, "In order to make those reports—" Mr. Bernstein opened a set of books, and they are here, and Mr. Bernstein, when it comes our turn to put in evidence, will testify that those books are correct and accurate and show the disbursements made."

Mr. Bernstein has sat in this court room every day of the trial, and I didn't see him take the stand after the Government had closed its case because he knows, just as we know, that Stonesifer was right, and that those books cannot be justified.

Mr. Stewart said that he had two accounting experts sitting at the table, but that he decided as the case progressed that he didn't need them; that our figures were so phony that he didn't need accounting help.

We subjected the agents and the computations to a
2514 complete exposition. But Mr. Stewart didn't see fit to call Mr. Joseph Byrnes, who is also sitting at the table, to refute our figures because he knows, and Mr. Byrnes knows, that there is absolutely nothing wrong with those figures whatsoever, and if Mr. Byrnes had taken the stand, he would have answered the questions in the same manner as our agents answered the questions.

I will get you out of here in five minutes.

Back in the Fifth Century, it happens that St. Patrick's Day was in March, and I remember reading this article about St. Patrick. I just happened to recall it during the course of this case.

Back in the Fifth Century, St. Patrick dwelt in a cave called Crom Padraio, and there he dreamed. He dreamed

of a land of promise. Many centuries later, many people from all lands found that country.

One of those was Paul DeLucia. How did he treat it?

One of the native sons of that country is Joseph Bulger. How has he treated it?

2515 Let's get that story of how Joseph Bulger happened to go before Joseph King and tell the story about the $300,000.00.

2516 "Q. You must have told somebody about it before you told Mr. King."

Talking about the $300,000.

"No, sir."

I misspoke myself.

"You must have told somebody about it before you told Mr. King.

"A. Oh, Mr. Bernstein and Mrs. DeLucia was asking me about it and said—

"Q. Mr. Bernstein and Mr. DeLucia?

"A. No. Mr. DeLucia would ask if I would tell about this money to Mr. Bernstein.

"Q. When did he ask you that?

"A. I don't know. It was sometime after he got his money.

"Q. Sometime after he got his money?

"A. Yes.

"Q. Sometime after you counted it in 1947?

"A. Yes.

"Q. Well, when was it?

2517 "A. Oh, I don't remember when he told me.

"Q. You don't remember when he told you that?

"A. I don't remember when he told Mr. Bernstein.

"Q. When did he ask you to relate the story to Mr. Bernstein?

"A. A few days before we had this—

"Q. In 1954?

"A. Yes.

"Q. Well, did Bernstein question you about the story?

"A. No, he didn't.

"Q. Never asked you about it?

"A. No, he never called me.

"Q. Didn't he ever say to you, 'Paul DeLucia was with you when he counted $300,000?' Didn't he ever say that to you?

"A. No. Funny thing is, we never discussed it.

"Q. 'We,' who?

"A. Mr. Bernstein.

2518 "Q. Yes.

"A. Except when it came up on this hearing,"—Now listen to this:

"A. Except when it came up on this hearing. I don't remember whether it was three days or a week before, I said, 'I don't like to'—'I don't like to appear. If you can avoid it, I would appreciate it.'"

Is this an honest man who has counted money for a friend, who is going to bat for him when the chips are down? Why doesn't he want to appear if it is the truth? Or is he the fall guy that has been so indebted to these employers of his that his soul has been sold?

He must go in and tell that story, willingly, albeit.

He doesn't mind telling about money in a box. This isn't the first time that he has had occasion to account for money as having come from a box. He did it once before, at least, that we know of, in 1935.

2519 Mr. Green says I am naive. I don't know whether he used that word, but the implication was plain.

Here are men who have just been convicted of crimes. I might digress for a minute. The whole point of the de-

fense here is we have committed crime after crime after crime, but not this crime.

2520 "We are guilty of many crimes that we haven't been indicted on and crimes we have been indicted on but we are not guilty of the crime of which we are charged."

That is the prelude to what Mr. Green leads up to in this situation. He says, "Barnett is naive. Here is Paul DeLucia who has just been convicted of receiving extortion money, of a conspiracy to obtain it. Is that clever man going to put that money in a vault where anybody can find it?"

Of course, we can't go into the vault any more than we can go into a person's private home. We have got to have a search warrant when we go into a private home just as we do to go into a vault.

"Is he going to admit to Mr. Gibson down at Atlanta that he has the proceeds of the extortion money and have to give it back? No. What is he going to do with it? Why, he does the logical thing, sensible thing, the thing that a man born and reared in a jungle knows how to do. He hides it in the attic."

2521 Not for one minute do I believe that they hid it in the attic, not for one minute.

Not for one minute do I believe that those two men sat in Paul DeLucia's bed room and counted out $300,000.00 and $10.00 with that gold note Joe Bulger remembered so vividly, but, he can't remember whether he made out the 1943 tax return after he allegedly counted the money.

He can remember the gold note and he can remember counting the bills, one by one—not that I believe any of that.

First of all, it isn't logical. The extortion money wasn't received the day before they were convicted. It wasn't

received all in one lump sum. It was received over the years.

Picture the story they are presenting to you. Picture this story. This is what they have asked to believe: That on Christmas Day, 1943, Paul DeLucia sat there with his attorney and counsellor at law and counted out the proceeds of an extortion, after the trial on which he had just been convicted. His lawyer is sitting there with him. He secreted the proceeds of an extortion. What kind of nonsense is that?

2522 They are willing to have us believe that Joe Bulger would commit that crime but he wouldn't tell a lie; he wouldn't tell us that he went there and counted that money unless he actually had.

Ladies and gentlemen, I am through. We asked you for a fair consideration of all the evidence when we started in. I ask you for it again. I hope that you give due consideration to the evidence that has been produced in this court room and to the logical inferences which would flow therefrom.

I can conceive of no verdict other than a verdict of guilty and I ask you to be fair to both sides in your considerations.

Thank you.

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2-9 * * * Argument for defendant on Motion for new trial.

10 * * * When they undertook to go in and ask for the indictment, that was a secret hearing. There was no way we could stop that, and no way we could appeal to your Honor or to anybody. We couldn't stop them from going ahead and indicating the lawyer along with him.

Now we ask why that was done, and now we are in a court of justice and we have a verdict, and that will explain probably to the Court, that and some other things

—your Honor will remember that when this case was assigned to your Honor we didn't ask for any continuance. We didn't take any time trying to influence your Honor's mind by saying this is a weak case, and all that.

We were certain they didn't have a case. That
11 should speak louder than words. When I went over to see Mr. Barnett the first time concerning making a stipulation, at that time I told him you have got certain weaknesses in your case, and I don't believe you are ever going to overcome them. What I would like to have a stipulation for is that we are in danger that there will be some confusion in the jury if we sit there for nine weeks, which was the estimate Mr. Barnett made concerning the length of time this case would take. If we are there nine weeks over something that doesn't really mean anything, the jury is apt to feel that they have a big case and they can prove their case.

But by taking the position we did, we have to have confidence in your Honor with reference to this point we are in now. I don't want to be real dramatic, but I don't want any misunderstanding. They wind up with three verdicts that are not worth the paper they are written on, and they expect your Honor to sustain them, otherwise they wouldn't be here.

Let's take the legal effect of that not guilty verdict.
12 You must remember while we were trying this case, and I will take credit for this, I don't do things that I know myself are useless. I know from these cases, and I don't mean any reflection on Mr. Barnett or any lawyer, but when you have heard it over in the State Courts, when a conspiracy case is on trial no matter what a witness starts to tell about, he might tell about the weather up in Alaska or something; and it doesn't sound to the the judge like it has anything to do with the case, but

if the lawyer for the defense is foolish enough to start making a lot of objections, the prosecutor just says, "We will connect it up, Judge." Then the judge says, "All right, we will let it in subject to your connecting it up."

We didn't do that because we felt that if they couldn't connect the things up they needed in the case that they would not have a verdict that was worth anything.

* * *

13-20 * * *

21 * * * And you were trying to be fair. We have come to the point now, and I want to repeat it again, everything your Honor did you did in a nice, gentlemanly way, and we all cooperated. We had a case tried in a way that your Honor complimented us for, and I can compliment your Honor back, but your Honor can make mistakes of law, and that is what this is.

* * *

22-28 * * *

29 * * * But a rather strange thing did happen, and let's say it was inadvertent, and it put your Honor in a trap, in this way.

Mr. Barnett handed me a big bunch of instructions, after waiting a day after he took mine. He was taken a little bit by surprise, maybe, that we rested. I have no complaint about the fact that you gave him until the next day. But then he gives me a bunch of instructions, and I find from talking with him and by looking at them that he has copied some of ours.

Well, what he tried to do was to fix it so you would just throw ours aside and give the ones of ours that he was willing to approve. But your Honor didn't go along with that. Your Honor recognized some instructions of ours and felt that regardless of Mr. Barnett's idea about

it, you were going to give ours and try to be fair
30 with us.

You will remember the time was getting short and I wanted to preserve my energy for the argument. I didn't want to fight and argue with your Honor about which ones you were going to give and which ones you were going to refuse. The case had gotten so weak. It wasn't an accounting or bookkeeping case any more, and I was hoping we could win it.

But what happened? When I heard your Honor give the instructions, there was a new note—you know, it is like a person listening to music, and he knows the music, and he hears something that is off.

Over here, you know, it is a hard rule on lawyers, but when the judge gives instructions before the jury takes the case finally for deliberation, the lawyer must point out something he doesn't like so the judge will have a chance to correct it.

You will remember when your Honor invited us into chambers, we didn't want to do that, or I didn't, because that is a waste of time. We had hopes of winning the case. Remember, I said more or less facetiously, I
31 said I don't care; so long as you don't put one in there to find the defendants guilty, why, I will take your Honor's judgment. But at that time I had looked over what they had prepared, and I knew that there wasn't anything particularly dangerous.

* * *

32-42 * * *.

43 * * * By the Court: What do you say about De-Lucia's constant statements under oath that he never got the money, the $300,000.00?

By Mr. Stewart: I am glad your Honor asked me that. You heard what I argued to the jury, and he wasn't on

trial for telling truths or untruths. That is a point that I am glad your Honor reminded me of.

44 Litigants every day that are before you are not permitted under the law to take one position and go of record with references to something, and then turn around and take a different position later when it is their advantage to do that. You can't have that in fairness.

The Government took a position that Paul had that money, that $404,000.00. They did it arbitrarily, and all that, but they are stuck with that. It doesn't matter how many times.

You can explain why Paul would deny it. They were trying to put him back. This Congressman Hoffman, if you would read the rest of that report, I could have brought it out, but I didn't want to get tangled up with him. They had a weak case, and why should I give him a chance to murder me in your Honor's court room?

But he was seeking to make Paul and these fellows make restitution, which was none of his business. Naturally they were saying they didn't get that money and it shouldn't make any difference to your Honor what money it was.

By the Court: Except the jury right a right to believe it, and the jury is the judge of the facts.

45 By Mr. Stewart: How do you know what the jury believed?

By the Court: I said they had a right.

By Mr. Stewart: That is right. How do you know what the jury believed? We are entitled to a trial, to point out these weak spots, and it is the function and duty of the judge, if he can see any weak spots and any circumstances can be explained one way or another—if the way I look at it is reasonable, you are supposed to take it my way.

* * *

46-54 * * * Govt. argument on Motion for new trial.

55 * * * I might mention in passing here that Mr. Stewart in his argument to you this morning referred to a document prepared by Mr. King and lumped it with the document, the review memorandum, prepared by Mr. Smith.

If you recall, Mr. King was on the stand and testified that he had a conference with Mr. Bernstein and that
56 he subsequently had a meeting with Mr. Bernstein and Mr. Bulger, at which Mr. Bulger gave testimony which was transcribed.

Mr. King had this file in court with him when he came here. I asked him item by item if he had prepared a memorandum of various conversations and telephone calls and everything else down the line, had everyone of those documents marked for identification, and I offered them in evidence. The defense objected to the introduction of those documents in evidence.

As a matter of fact they permitted to go into evidence the transcript of Mr. Bulger's statement and upon my reoffer, I believe, there was no objection to a certain conference memorandum held with Mr. Bernstein which had attached to it copies of documents that had been submitted by Mr. Bernstein.

So there were two documents of Mr. King's that were received in evidence, and there were numerous other documents which I had offered in evidence and which had been objected to by the defense, and which your Honor excluded.

Mr. King was not cross examined and no request was made upon me and I heard no request made upon
57 the Court that any other document of Mr. King's be turned over to the defense. So I don't know why at this particular point he is referring to apparently a report that has not been identified other than those documents which I offered in evidence.

* * *

58 * * *

59 * * * Furthermore, despite Mr. Stewart's statement that he didn't have an opportunity to read that instruction, it is true that I tendered this instruction late, but I tendered it in open court right here at this pulpit, and I handed him a copy, and I handed Mr. Green a copy and I handed Mr. Gorman a copy at the same time, so he had ample time to familiarize himself with the
60 instruction before the charge was given because this occurred before our arguments to the jury.

I would like to make mention of this, your Honor, that Mr. Stewart criticizes me for having incorporated within my instructions the instructions of the defendants. I didn't do that with any malicious intent, in order to subvert the position of the defendants.

I explained to the Court and to counsel here that my reason for doing it was that the defendants had submitted their instructions several on a sheet, so that it was impossible for the Court to segregate them. I submitted my instructions one after another on separate sheets, so your Honor could give or reject them as he saw fit.

I tried to incorporate within my instructions all of the instructions of the defendants that I felt they were entitled to have. Your Honor did not accept my consideration as to what you should give, but you gave considerable more of their instructions than I felt they were entitled to.

* * *

61 * * * Mr. Stewart made reference to Mr. Garden and $1,800,000.00. Mr. Garden did not testify to any $1,800,000.00.

62 He testified that the cost of construction of the Italian Village was $180,000.00, and that he had received large sums in currency from Paul DeLucia during

the course of the construction of that building or that Village.

The records of Schmidt, Garden & Erikson show that approximately $90,000.00 was handled by Schmidt, Garden & Erikson, and that the remainder of the cost of the Village was handled by the parties, the group of people, handled by them themselves without clearing through Schmidt, Garden & Erikson.

We never said, and we don't know to this day, whose money that $90,000.00. Joseph Imburgio Bulger in the bankruptcy testified that $45,000.00 of it was his and $45,000.00 was Eddie O'Hare's. However, DeLucia wants to claim credit for that money.

All we say is that whatever money belonged to him that went in there couldn't have come back to him because the bankruptcy shows what distribution was made, and he was not among those to whom the money was distributed.

Mr. Stewart complains that we rely upon a pre-
63 sumption that the returns for the years 1920 to 1934 were not filed, and therefore Mr. DeLucia could have had no income over and above what he would have been required to file for.

We have a legal right to a presumption such as that. We have case law to support the fact that such a presumption exists. But in addition to that, we have very cogent evidence during the course of this trial that Mr. DeLucia's living conditions did not become extravagant until he began to feel the income from the extortion money.

So that I think whatever presumption is attributable to the period 1920 to 1934 is all on our side; that he may well have been a hoodlum, as Mr. Stewart painted him to the jury, even in those years 1920 to 1934, and

I believe he was. But he wasn't a big time hoodlum. He was a small time hoodlum, and what income he had, we never had the benefit of hearing from him what his income was, nor did Mr. Stewart see fit to put on any testimony to contradict the presumptions which we sought to attach to both his living conditions and his failure to file returns in the years 1920 to 1934.

64 I can't think of any other point that Mr. Stewart raised that I need to answer other than the general allegation, which I didn't hear him attack specifically, but I take it that throughout this argument there runs the thought that the verdict on the fourth count is inconsistent with the verdicts on the first three counts.

In the first place, your Honor, in so far as inconsistency is concerned, the United States Supreme Court in Dunn v. United States, 284 U.S. 390, says:

> "Consistency in the verdict is not necessary. Each count in an indictment is regarded as if it was a separate indictment. If separate indictments had been presented against the defendant for possession and for maintenance of a nuisance, and had been separately tried, the same evidence being offered in support of each, an acquittal on one could not be pleaded as res judicata of the other. Where the offenses are separately charged in the counts of a single indictment, the same rule must hold."

65 That has been held also in the Seventh Circuit, United States v. Bassell, 187 F. 2d, 878, where the court said, at page 881:

> "As to the argument that the verdict is inconsistent, it will be enough to say that where a defendant is charged by two or more counts in an indictment consistency between the verdicts on the several counts is not necessary."

It goes on further:

"A verdict of acquittal on one count does not invalidate a verdict of guilty on another count although the same evidence is offered in support of each."

I could go on citing cases indefinitely, including three or four more from the Seventh Circuit, but I don't think it is necessary.

By the Court: The jury heard your statement about the $300,000.00.

By Mr. Barnett: I was coming to that, your Honor.

By the Court: And they signed three verdicts that it wasn't there.

* * *

66-68 * * *

69 Does the defendant wish to offer anything by way of mitigation?

By Mr. Stewart: No, your Honor.

By the Court: Not a word?

By Mr. Stewart: No, sir.

By Mr. Barnett: Before proceeding to sentence, your Honor, I would like—

By the Court: Are you going to back up Mr. Scott Stewart?

By Mr. Barnett: I would like to make a statement, your Honor, and before proceeding to sentence I would like to also make a remark about the record.

By the Court: Proceed.

By Mr. Barnett: First of all, your Honor, I move the Court for an order directing that these documents which were called for under the Jencks case, and part of which were submitted to the defense and part of which were held back from them by the Court, be sealed in these envelopes and be transmitted to the Court of Appeals in the event there is a notice of appeal filed.

By the Court: It may be so done as part of the record.

By Mr. Stewart: At the same time, may we ask that all exhibits be transferred as they are?

70 By the Court: Everything that is before me must be preserved—

By Mr. Stewart: I think we need an order. I have drawn a stipulation. I anticipate Mr. Barnett will probably—

By the Court: (Continuing) And submitted to the Court of Appeals.

I meant to say one more word on the question of the withholding of some of the statements of Mr. Smith, Agent Smith, as you call him.

Not rehashing what I saw in the files, I am satisfied that under the new legislative act, the Court acted with full and complete propriety. I do not believe that a district court ought to declare an act unconstitutional without letting it go to the Court of Appeals. Nor do I think that that act was necessary under those documents, as far as I saw them.

All right. Proceed.

By Mr. Barnett: Your Honor, you mentioned this will be transmitted as part of the record, but we ask for an order that they be sealed and sent up.

By the Court: That is right. All right.

By Mr. Barnett: Furthermore, I would like the
71 record to show, your Honor—I didn't make this clear in my answer to Mr. Stewart—I would like the record to show that these documents prepared by Mr. Smith, which were withheld by the Court from the defense, are the only documents which the defense requested and which were withheld from them. Every other document they requested they received with respect to any witness that testified at the trial.

By the Court: He made no complaint on that.

By Mr. Barnett: He did refer to Mr. King, and I was

surprised by his reference to Mr. King, and that is why I make that statement.

In Mr. Stewart's brief, which he submitted to me for the first time this morning—

By the Court: I read it carefully.

By Mr. Barnett: He made reference to the Court having given what we call the Allen charge. That is in the very back of his brief, and he says, "With all due respect your Honor committed reversible error in instructing the jury after it had retired."

By the Court: That was initiated by Mr. Stewart originally. I had no intention of giving one until Mr. Stewart initiated his own form, and then I gave one after he pointed out the Supreme Court decision to me.

By Mr. Stewart: I believe the record has been
72 made as to what you did.

By the Court: The record speaks for itself, that is right.

By Mr. Barnett: That is what I am afraid of, your Honor.

By the Court: I don't mean to criticize anything that was done, but I knew nothing of that type of a decision until Mr. Stewart called it to my attention. Then when you came in with your citation I merely followed the law as I saw it in the United States Supreme Court decisions.

By Mr. Barnett: Because of the fact that some of the discussion took place out of the presence of the Court Reporter, your Honor, I would like to state my recollection of what happened on that occasion.

This was on the morning of May 29, 1958, when I came into the court room and I was called into your Honor's chambers. In your Honor's chambers Mr. Stewart was already present, and you handed me a document, which was Mr. Stewart's version of the Allen charge and said, "Have you seen this?" And I said I had not.

Mr. Stewart said that he was offering that to be
73 given to the jury. I said that I preferred by version of the Allen charge, and we then proceeded to hash over the two charges. Eventually you gave a charge, which was not completely my charge but which was also not completely Mr. Stewart's charge.

By the Court: That is correct. I gave my own, following the Allen case.

By Mr. Barnett: That is right. But I think the record should show clearly that there was absolutely no question as to the propriety of the Court giving that type of instruction at that time because both the defense and the Government requested it at that time.

Any question revolving around the instruction revolves around the actual language in the instruction itself to which Mr. Stewart objected. But apparently the jury had been out long enough so that the Court felt that such a charge was warranted and defense counsel apparently felt it was warranted.

* * *

74-82 * * *

83 * * * By Mr. Stewart: Every man is entitled to a fair trial. A man is not as bad as somebody paints him to be, and some of us that are supposed to be good are not so good either.

The Government didn't spare us anything in the way of prejudicial evidence. They proved, incidentally, as they were putting in the case, that Mr. DeLucia has been a good friendly man.

They went over every expenditure he made with a fine tooth comb and investigated him and his family and everybody he ever came in contact with, and not one line of evidence is in here about any money that was spent in riotous living or contributing to people in campaigns where it might be questionable.

There was nothing that was revealed about him except that he goes along and he makes his money from gambling and incidental things like that. If there is any fault there, your Honor, that fault is a part of our system. Possibly if gambling could be legalized, we wouldn't have people who have to live outside the law. When they do live
84 outside the law, they are not the only ones who do.

Gambling can't operate without somebody in the law winking at it and using that as a means of income which does not need to be accounted for.

It is a situation that society helps make itself, your Honor, and this man who happens to be before the bar shouldn't be punished for a condition that probably he doesn't have a great deal of control over.

He has never concealed or said anything different. Your Honor must remember that the very government that your Honor is representing here when you took that oath of office, that very government reaches in and wants part of that income. It doesn't become them very well when a man is up for sentence and it is a question of whether he gets this number of years or that number of years that your Honor should be reminded that the income comes from illegal sources.

* * *

85-91 * * *

Government's Exhibit 181

449

PAUL DeLUCIA
COMPUTATION OF POSSIBLE CASH ON HAND

Government Exhibit 181 — Date Exhibit
In the District Court of the United States, Northern District of Illinois, Eastern Division — BEFORE MINER J.
No.
Roy E. Fuller - Official Court Reporter

Year	Cash Income per Return	Adjustments Per RAR	Unreported Extortion Income	Additions to Income	Gross Funds Available	Proven Expenditures	Possible Cash on Hand December 31st
1934	$ 8,473.68	$ -	$ -	$ -	$ 8,473.68	$ 11,74	$ -
1935	13,260.00	-	44,757.06	-	58,017.06	16,55	41,466.45
1936	24,000.00	-	83,899.61	-	107,899.61	75,56	73,804.16
1937	42,916.63	-	85,046.71	-	127,963.34	35,24	166,523.32
1938	59,747.00	2,799.72	14,078.08	203.00	76,827.80	70,27	173,076.89
1939	74,058.17	5,209.97	-	33,832.24	113,100.38	105,28	180,891.32
1940	60,764.78	-	-	11,810.63	72,575.41	56,74	196,722.16
1941	72,186.80	-	-	9,147.78	81,334.58	46,82	231,236.16
1942	72,503.52	-	-	2,695.00	75,198.52	106,27	200,161.27
1943	80,375.00	-	-	-	80,375.00	124,89	155,637.53
1944	-	-	-	-	-	19,22	136,410.27
1945	1,000.00	-	-	-	1,000.00	20,00	117,409.98
1946	143.50	-	-	-	143.50	15,28	102,267.01
1947	387.50	-	-	-	387.50	53,95	48,697.01
Totals	$509,816.58	$ 8,009.69	$227,781.46	$ 57,688.65	$803,296.38	$757,87	$ 48,697.01

ANALYSIS OF ADDITIONS TO INCOME

	Total	1938	1939	1940	194
World Amusement Co.	$ 3,603.00	$ 203.00	$ 400.00	$ -	$ 3,00 00
Trans-America Stock	3,432.24	-	3,432.24	-	- 24
Steve Matalone Mtge.	30,000.00	-	30,000.00	-	- 00
Goodbody & Co.	17,958.41	-	-	11,810.63	6,14 41
Farm Receipts	2,695.00	-	-	-	- 00
Totals	$ 57,688.65	$ 203.00	$ 33,832.24	$ 11,810.63	$ 9,14 65

449

PAUL DeLUCIA
COMPUTATION OF POSSIBLE CASH ON HAND

Government Exhibit 181 — Defendants Exhibit — ( ) Identified (X) Received
In the District Court of the United States, Northern District of Illinois, Eastern Division — BEFORE MINER J.
No.
Roy E. Fuller - Official Court Reporter

Year	Unreported Extortion Income	Additions to Income	Gross Funds Available	Proven Expenditures	Possible Cash on Hand December 31st
1934	$ -	$ -	$ 8,473.68	$ 11,749.78	$ -
1935	44,757.06	-	58,017.06	16,550.61	41,466.45
1936	83,899.61	-	107,899.61	75,561.90	73,804.16
1937	85,046.71	-	127,963.34	35,244.18	166,523.32
1938	14,078.08	203.00	76,827.80	70,274.23	173,076.89
1939	-	33,832.24	113,100.38	105,285.95	180,891.32
1940	-	11,810.63	72,575.41	56,744.57	196,722.16
1941	-	9,147.78	81,334.58	46,820.58	231,236.16
1942	-	2,695.00	75,198.52	106,273.41	200,161.27
1943	-	-	80,375.00	124,898.74	155,637.53
1944	-	-	-	19,227.26	136,410.27
1945	-	-	1,000.00	20,000.29	117,409.98
1946	-	-	143.50	15,286.47	102,267.01
1947	-	-	387.50	53,957.50	48,697.01
Totals	$227,781.46	$ 57,688.65	$803,296.38	$757,8 .47	$ 48,697.01

ANALYSIS OF ADDITIONS TO INCOME

	1938	1939	1940	1941	1942
World Amusement Co.	$ 203.00	$ 400.00	$ -	$ 3,000.00	$ -
Trans-America Stock	-	3,432.24	-	-	-
Steve Matalone Mtge.	-	30,000.00	-	-	-
Goodbody & Co.	-	-	11,810.63	6,147.78	-
Farm Receipts	-	-	-	-	2,695.00
Totals	$ 203.00	$ 33,832.24	$ 11,810.63	$ 9,147.78	$ 2,695.00

FILED
JUN 20 1958
AT 1942 O'CLOCK
ROY H. JOHNSON, CLERK

Government Exhibit 182 In the District Court of the United States, Northern District of Illinois, Eastern Division No. Roy L. Fuller - Official Court Reporter

PAUL DeLUCIA
SCHEDULE OF EXPENDITURES
JANUARY 1, 1934 - DECEMBER 31, 1947

	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	19
GOODBODY & CO.						3,973.21	16,202.78	45.47					
GREAT LAKES MORTGAGE CO.		987.50	929.02	1,001.72	859.35	828.75	876.95	767.55	737.83	3,548.68			
U. S. TREASURY BONDS (Coupon)				5,000.00						6,000.00			
NORTHWESTERN LIFE INS. CO.			848.20	1,177.40	771.60	789.60	808.20	806.80	805.30	804.00	802.60		
AUTOMOBILES							1,550.00						
R. J. BRAHAN-REAL ESTATE & INS.	6,978.70	2,930.00		142.50	130.00	1,500.00	1,642.50	130.00					
HARVEY FRIER-REAL ESTATE							400.00						
ITALO-AMERICAN INS. CO.	271.08	271.08	271.08	271.08	271.08	271.08	271.08	271.08	271.08				
RIVER FOREST LOTS							2,000.00	2,450.00					
HANNAH SMITH-PERSONAL PROPERTY					1,500.00								
RIVER FOREST RESIDENCE					25,383.31								
RIVER FOREST TAX WARRANTS							340.55						
COOK COUNTY TAXES							843.36	875.86	1,196.71	1,553.76	1,148.42	1,243.42	1,34
LAFOSTE COUNTY TAXES							815.47	336.71	328.76	314.82	246.98	310.80	46
INSURANCE-HOME FIRE								26.00		140.00	396.80	304.00	6
MORRIS LEV, MD								135.00	1,065.00	60.00	10.00	5.00	7
U.S. SAVINGS BONDS, SERIES-E								2,250.00	4,575.00	75.00			
ALFRED J. CILELLA, ATTORNEY									528.25				
DANIEL LEVINTHAL, MD									2,500.00				
FARM-REPAIRS & IMPROVEMENTS									9,161.84				
FREY BROS.-BUILDING SUPPLIES		1,356.76	7,000.00	6,000.00						52.80	261.87	367.29	19
SIBILANO-FURNITURE						18,702.84				1,881.79			
LEGAL FEES										20,000.00			
S. D. GLOUDEN										1,637.50			
COST OF LIVING	3,500.00	7,800.00	7,800.00	7,800.00	7,800.00	7,800.00	7,800.00	7,800.00	7,800.00	7,800.00	7,800.00	7,800.00	7,80
FEDERAL INCOME TAXES		220.00	633.60	2,181.00	6,600.66	11,806.33	16,793.68	22,866.11	33,363.03	46,208.30	4,400.59	4,809.78	61
TRANS-AMERICA STOCK				8,550.48									
ILLINOIS RETAIL TAX									350.00	150.00			
U. S. GASOLINE & MISC. TAXES									91.77	100.00			
MICHAEL REESE HOSPITAL								100.00	416.25				
RIVER FOREST-REMODELLING						30,145.90							
IMPROVEMENTS-INDIANA [illegible] DeLUCIA					17,814.69	12,377.07							
IMPROVEMENTS-ILLINOIS per DeLUCIA					5,063.54	13,011.17							
FARM PURCHASE									35,122.59				
FARM-MORTGAGE PAYMENT										9,400.00			
EQUITABLE ANNUITY-PAUL DeLUCIA					2,000.00	2,000.00	2,000.00	2,000.00	2,000.00				
EQUITABLE ANNUITY-MARIE DeLUCIA			20,000.00										
EQUITABLE ANNUITY-ANTHONY DeLUCIA			20,000.00										
BAIL BOND PREMIUM										4,000.00			
EUGENE BERNSTEIN-LEGAL FEE												1,000.00	
A. GIACONI-RIVER FOREST								1,560.00	1,560.00	1,560.00	1,560.00	1,560.00	1,56
A. CONTURSI-HOUSE FURNISHING													63
IMPROVEMENTS-INDIANA-per 1956 RETURN		1,585.27	16,260.00	1,300.00									
FINE-EXTORTION CASE										10,000.00			
WORLD AMUSEMENT CORP.	1,000.00												
LEGAL FEES-OTHERS													
U.S. PAROLE REPORTS-EXPENDITURES													
MATALONE MORTGAGE INTEREST							1,800.00	1,800.00	1,800.00	1,800.00			
ADDL. EXPENDITURES per ARMSTRONG										5,212.09			
JAMES AMORINO-INDIANA		1,400.00	1,820.00	1,820.00	2,080.00	2,080.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,60
TOTAL EXPENDITURES	$ 11,749.78	$ 16,550.61	$ 75,561.90	$ 35,244.18	$ 70,274.23	$105,285.95	$ 56,744.57	$ 46,820.58	$106,273.41	$124,898.74	$ 19,227.26	$ 20,000.29	$ 15,28

FILED
AT O'CLOCK
ROY H. JOHNSON, CLERK

RECAPITULATION

1934	$ 11,749.78
1935	16,550.61
1936	75,561.90
1937	35,244.18
1938	70,274.23
1939	105,285.95
1940	56,744.57
1941	46,820.58
1942	106,273.81
1943	124,898.74
1944	19,227.26
1945	20,000.29
1946	15,286.47
1947	53,957.50
TOTAL	$757,875.47

Government's Exhibit 182 451

Government Exhibit 182 In the District Court of the United States, Northern District of Illinois, Eastern Division No. Roy L. Fuller - Official Court Reporter

PAUL DeLUCIA
SCHEDULE OF EXPENDITURES
JANUARY 1, 1934 - DECEMBER 31, 1947

	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	Exhibit No.
															25
		987.50	929.02	1,001.72	859.35	3,973.21	16,202.78	45.47	737.83	3,548.68					26
				5,000.00						6,000.00					27
			848.20	1,177.40	771.60	789.60	808.20	806.80	805.30	804.00	802.60				64-5-6
							1,550.00							11,219.52	28
	6,978.70	2,930.00		142.50	130.00	1,500.00	1,642.50	130.00							165
							400.00								29
	271.08	271.08	271.08	271.08	271.08	271.08	271.08	271.08	271.08						167
							2,000.00	2,450.00							30
					1,500.00										31
					25,383.31										81
							340.55								32
							843.36	875.86	1,196.71	1,553.76	1,148.42	1,243.42	1,342.56	1,511.68	33
							815.47	336.71	328.76	314.82	246.98	310.80	402.60	429.08	34
								26.00		140.00	396.80	304.00	64.00	733.38	168
								135.00	1,065.00	60.00	10.00	5.00	70.00	20.00	35
								2,250.00	4,575.00	75.00					36
									528.25						37
									2,500.00						39
									9,161.84						81
		1,356.76	7,000.00	6,000.00						52.80	261.87	367.29	197.31	334.00	122-164
						18,702.84				1,881.79					41
										20,000.00					169
										1,637.50					42
	3,500.00	7,800.00	7,800.00	7,800.00	7,800.00	7,800.00	7,800.00	7,800.00	7,800.00	7,800.00	7,800.00	7,800.00	7,800.00	5,200.00	170
		220.00	633.60	2,181.00	6,600.66	11,806.33	16,793.68	22,866.11	33,363.03	46,208.30	4,400.59	4,809.78	618.00	195.15	171
				8,550.48											43
									350.00	150.00					172
									91.77	100.00					173
								100.00	416.25						44
						30,145.90									113
					17,814.69	12,377.07									161-162
					5,063.54	13,011.17									161-162
									35,122.59						95-97
										9,400.00					86
					2,000.00	2,000.00	2,000.00	2,000.00	2,000.00						176
			20,000.00												176
			20,000.00												177
										4,000.00					45
												1,000.00			46
								1,560.00	1,560.00	1,560.00	1,560.00	1,560.00	1,560.00	1,560.00	47
													632.00		163
		1,585.27	16,260.00	1,300.00											174
										10,000.00					49
	1,000.00														138
														1,820.00	51
														28,334.69	50
							1,800.00	1,800.00	1,800.00	1,800.00					166
										5,212.09					175
		1,400.00	1,820.00	1,820.00	2,080.00	2,080.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	
	$ 11,749.78	$ 16,550.61	$ 75,561.90	$ 35,244.18	$ 70,274.23	$105,285.95	$ 56,744.57	$ 46,820.58	$106,273.41	$124,898.74	$ 19,227.26	$ 20,000.29	$ 15,286.47	$ 53,957.50	

RECAPITULATION

1934	$ 11,749.78
1935	16,550.61
1936	75,561.90
1937	35,244.18
1938	70,274.23
1939	105,285.95
1940	56,744.57
1941	46,820.58
1942	106,273.41
1943	124,898.74
1944	19,227.26
1945	20,000.29
1946	15,286.47
1947	53,957.50
TOTAL	$757,875.47

PAUL DeLUCIA
SCHEDULE OF EXPENDITURES
JANUARY 1, 1934 - DECEMBER 31, 1947

	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	Exhibit No.
GOODBODY & CO.						$ 3,973.21	$ 16,202.78	$ 45.47							25
GREAT LAKES MORTGAGE CO.		987.50	929.02	1,001.72	859.35	828.75	876.95	767.55	737.83	3,548.68					26
U. S. TREASURY BONDS (Coupon)				5,000.00						6,000.00					27
NORTHWESTERN LIFE INS. CO.			848.20	1,177.40	771.60	789.60	808.20	806.80	805.30	804.00	802.60				64-5-6
AUTOMOBILES							1,550.00							11,219.52	28
E. I. BEAHAN-REAL ESTATE & INS.	6,978.70	2,930.00		142.50	130.00	1,500.00	1,642.50	130.00							165
HARVEY FRIER-REAL ESTATE							400.00								29
ITALO-AMERICAN INS. CO.	271.08	271.08	271.08	271.08	271.08	271.08	271.08	271.08	271.08						167
RIVER FOREST LOTS							2,000.00	2,450.00							30
HANNAH SMITH-PERSONAL PROPERTY					1,500.00										31
RIVER FOREST RESIDENCE					25,383.31										81
RIVER FOREST TAX WARRANTS							340.55								32
COOK COUNTY TAXES							843.36	875.86	1,196.71	1,553.76	1,148.42	1,243.82	1,342.56	1,514.68	33
LaPORTE COUNTY TAXES							815.47	336.71	328.76	314.82	246.98	310.80	402.60	429.08	34
INSURANCE-HOME & CAR								26.00		140.00	396.80	304.00	64.00	733.38	168
MORRIS LEV, MD								135.00	1,065.00	60.00	10.00	5.00	70.00	20.00	35
U.S. SAVINGS BONDS, SERIES-E								2,250.00	4,575.00	75.00					36
ALFRED J. CILELLA, ATTORNEY									528.25						37
DANIEL LEVINTHAL, MD									2,500.00						39
FARM-REPAIRS & IMPROVEMENTS									9,161.84						38
FREY BROS.-BUILDING SUPPLIES		1,356.76	7,000.00	6,000.00						52.80	261.87	367.29	197.31	934.00	122-164
SIBILANO-FURNITURE						18,702.84				1,881.79					41
LEGAL FEES										20,000.00					169
E. D. GLIDDEN										1,637.50					42
COST OF LIVING	3,500.00	7,800.00	7,800.00	7,800.00	7,800.00	7,800.00	7,800.00	7,800.00	7,800.00	7,800.00	7,800.00	7,800.00	7,800.00	5,200.00	170
FEDERAL INCOME TAXES		220.00	633.60	2,181.00	6,600.66	11,806.33	16,793.68	22,866.11	33,363.03	46,208.30	4,400.59	4,809.78	618.00	195.15	171
TRANS-AMERICA STOCK				8,550.48											43
ILLINOIS RETAIL TAX									350.00	150.00					172
U. S. GASOLINE & MISC. TAXES									91.77	100.00					173
MICHAEL REESE HOSPITAL							100.00		416.25						44
RIVER FOREST-REMODELING						30,145.90									113
IMPROVEMENTS-INDIANA per DeLUCIA					17,814.69	12,377.07									161-162
IMPROVEMENTS-ILLINOIS per DeLUCIA					5,063.54	13,011.17									161-162
FARM PURCHASE									35,122.59						95-97
FARM-MORTGAGE PAYMENT										9,400.00					86
EQUITABLE ANNUITY-PAUL DeLUCIA					2,000.00	2,000.00	2,000.00	2,000.00	2,000.00						176
EQUITABLE ANNUITY-MARIE DeLUCIA			20,000.00												176
EQUITABLE ANNUITY-ANTHONY DeLUCIA			20,000.00												176
BAIL BOND PREMIUM										4,000.00					177
EUGENE BERNSTEIN-LEGAL FEE												1,000.00			45
A. GIACONI-RIVER FOREST							1,560.00	1,560.00	1,560.00	1,560.00	1,560.00	1,560.00	1,560.00	1,560.00	46
A. CONTURSI-HOUSE FURNISHING													632.00		47
IMPROVEMENTS-INDIANA-per 1956 RETURN		1,585.27	16,260.00	1,300.00											163
FINE-EXTORTION CASE										10,000.00					174
WORLD AMUSEMENT CORP.	1,000.00														49
LEGAL FEES-OTHERS														1,820.00	138
U.S. PAROLE REPORTS-EXPENDITURES														28,334.69	51
MATALONE MORTGAGE INTEREST							1,800.00	1,800.00	1,800.00	1,800.00					50
ADDL. EXPENDITURES per ARMSTRONG										5,212.09					166
JAMES AMORINO-[redacted]NA		1,400.00	1,820.00	1,820.00	2,080.00	2,080.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	175
TOTAL EXPENDITURES	$ 11,749.78	$ 16,550.61	$ 75,561.90	$ 35,244.18	$ 70,274.23	$105,285.95	$ 56,744.57	$ 46,820.58	$106,273.41	$124,898.74	$ 19,227.26	$ 20,000.29	$ 15,286.47	$ 53,957.50	

RECAPITULATION

1934	$ 11,749.78
1935	16,550.61
1936	75,561.90
1937	35,244.18
1938	70,274.23
1939	105,285.95
1940	56,744.57
1941	46,820.58
1942	106,273.41
1943	124,898.74
1944	19,227.26
1945	20,000.29
1946	15,286.47
1947	53,957.50
TOTAL	$757,875.47

FILED
1958
AT O'CLOCK
ROY H. JOHNSON, CLERK

Government's Exhibit 182 451

PAUL DeLUCIA
SCHEDULE OF EXPENDITURES
JANUARY 1, 1934 - DECEMBER 31, 1947

RECAPITULATION

1934	$ 11,749.78
1935	16,550.61
1936	75,561.90
1937	35,244.18
1938	70,274.23
1939	105,285.95
1940	56,744.57
1941	46,820.58
1942	106,273.41
1943	124,898.74
1944	19,227.26
1945	20,000.29
1946	15,286.47
1947	53,957.50
TOTAL	$757,875.47

FILED
1958
AT O'CLOCK
ROY H. JOHNSON, CLERK

Government Exhibit 184 — Defendant's Exhibit — ( ) Identified (X) Received

In the District Court of the United States, Northern District of Illinois, Eastern Division — BEFORE MINER, J.

No.

Roy E. Fuller - Official Court Reporter

PAUL DeLUCIA
INCOME TAX RETURN FILING REQUIREMENT
1920 - 1933

Year	Single	Married
1920	$1,000.00	$
1921	1,000.00	
1922	1,000.00	
1923	1,000.00	
1924	1,000.00	
1925	1,500.00	
1926	1,500.00	
1927		3,500.00
1928		3,500.00
1929		3,500.00
1930		3,500.00
1931		3,500.00
1932		2,500.00
1933		2,500.00
	$8,000.00	$22,500.00

FILED
JUN 20 1958
AT ..... O'CLOCK
ROY H. JOHNSON, CLERK

Total Possible Net Income without being required to file an Income Tax Return:

1920 - 1927	$ 8,000.00
1928 - 1933	22,500.00
	$30,500.00

Note:

Paul DeLucia was married in January 1927.

Government's Exhibit 185

Government Exhibit 185 — Defendants Exhibit — ( ) Identified

In the District Court of the United States, Northern District of Illinois, Eastern Division — No. — Roy E. Fuller - Official Court Reporter

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, PAUL DE LUCIA

hereby make, constitute and appoint, with full power of substitution, EUGENE BERNSTEIN

my true and lawful attorney, hereby revoking any and all powers of attorney heretofore executed in the premises; for me and in my name, place and stead to sign, make, execute, file and prosecute before the Bureau of Internal Revenue, United States Treasury Department, all claims for refund, abatement or credit of any and all excessive taxes which have heretofore been or may hereafter be unlawfully or illegally assessed against or collected from me by the said Treasury Department for Income Tax

and to defend me against proposed additional taxes for calendar year 1948

to institute such proceedings at law or in equity as he deems necessary or proper for my relief; to do and perform any and all such other lawful acts as shall be deemed necessary or proper to protect my interests; to receive and receipt for vouchers issued to me covering such sums as may be refunded; to make, execute and deliver all necessary receipts, vouchers or releases upon the refunding, abatement or credit of any of such taxes; to request and receive from the Treasury Department such documents or copies thereof as I may be entitled under the law and the regulations to demand and receive, giving and granting unto said attorney full power and authority to do and perform all and every act or thing whatsoever requisite or necessary in and about the premises as fully and to all intents and purposes as I might or could do if personally present at the doing thereof; hereby ratifying and confirming all claims or other documents which said attorney may have filed or executed or may file or execute in this matter.

And I hereby request and direct that all correspondence, documents, warrants, or other data in connection with this matter be sent in care of EUGENE BERNSTEIN, 77 West Washington Street, Chicago 2, Illinois.

IN WITNESS WHEREOF I have hereunto set my hand and seal this 18 day of June A. D. 1954.

Paul De Lucia (SEAL)

FILED JUN 18 1954 O'CLOCK M. CLERK, U. S. DISTRICT COURT

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

Be it known that on the 18 day of June, 1954 before the undersigned, a Notary Public in and for the State and County aforesaid, personally came and appeared one Paul De Lucia to me known as the person described in and who executed the above Power of Attorney, and who acknowledged the same to be his free act and deed for the purposes therein set forth.

IN TESTIMONY WHEREOF I have hereunto set my hand and official seal the day and year last above written.

Geneva Cox
NOTARY PUBLIC

(SEAL)

Government Exhibit — Defendant's Exhibit — ( ) Mun. Court

In the District Court of the United States, Northern District of Illinois, Eastern Division — BEFORE MINER, J.

No.

POWER OF ATTORNEY — Roy E. Fuller - Official Court Reporter

FILED

JUN 11 1954

AT ___ O'CLOCK

ROY N. JOHNSON, CLERK

KNOW ALL MEN BY THESE PRESENTS, that I, PAUL DE LUCIA

hereby make, constitute and appoint, with full power of substitution, EUGENE BERNSTEIN

my true and lawful attorney___, hereby revoking any and all powers of attorney heretofore executed in the premises, for me and in my name, place and stead to sign, make, execute, file and prosecute before the Bureau of Internal Revenue, United States Treasury Department, all claims for refund, abatement or credit of any and all excessive taxes which have heretofore been or may hereafter be unlawfully or illegally assessed against or collected from me by the said Treasury Department for INCOME TAX

and to defend me against proposed additional taxes for calendar year 1949

to institute such proceedings at law or in equity as he deems necessary or proper for my relief; to do and perform any and all such other lawful acts as shall be deemed necessary or proper to protect my interests; to receive and receipt for vouchers issued to me covering such sums as may be refunded; to make, execute and deliver all necessary receipts, vouchers or releases upon the refunding, abatement or credit of any of such taxes; to request and receive from the Treasury Department such documents or copies thereof as I may be entitled under the law and the regulations to demand and receive, giving and granting unto said attorney full power and authority to do and perform all and every act or thing whatsoever requisite or necessary in and about the premises as fully and to all intents and purposes as I might or could do if personally present at the doing thereof; hereby ratifying and confirming all claims or other documents which said attorney may have filed or executed or may file or execute in this matter.

And I hereby request and direct that all correspondence, documents, warrants, or other data in connection with this matter be sent in care of EUGENE BERNSTEIN, 77 West Washington Street, Chicago 2, Illinois.

IN WITNESS WHEREOF I have hereunto set my hand and seal this 18 day of June A. D. 1954.

Paul De Lucia (SEAL)

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

Be it known that on the 18 day of June, 1954 before the undersigned, a Notary Public in and for the State and County aforesaid, personally came and appeared one PAUL DE LUCIA to me known as the person described in and who executed the above Power of Attorney, and who acknowledged the same to be his free act and deed for the purposes therein set forth.

IN TESTIMONY WHEREOF I have hereunto set my hand and official seal the day and year last above written.

Jeanne Cox
NOTARY PUBLIC

(SEAL)

Government Exhibit | Defendants Exhibit | ( ) Identified (X) Received

In the District Court of the United States, Northern District of Illinois, Eastern Division — BEFORE HON. J. Ro.

Roy E. Fuller - Official Court Reporter

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that I, PAUL DE LUCIA

hereby make, constitute and appoint, with full power of substitution, EUGENE BERNSTEIN

my true and lawful attorney, hereby revoking any and all powers of attorney heretofore executed in the premises, for me and in my name, place and stead to sign, make, execute, file and prosecute before the Bureau of Internal Revenue, United States Treasury Department, all claims for refund, abatement or credit of any and all excessive taxes which have heretofore been or may hereafter be unlawfully or illegally assessed against or collected from me by the said Treasury Department for INCOME TAX and to defend me against proposed additional taxes for calendar year 1950

to institute such proceedings at law or in equity as he deems necessary or proper for my relief; to do and perform any and all such other lawful acts as shall be deemed necessary or proper to protect my interests; to receive and receipt for vouchers issued to me covering such sums as may be refunded; to make, execute and deliver all necessary receipts, vouchers or releases upon the refunding, abatement or credit of any of such taxes; to request and receive from the Treasury Department such documents or copies thereof as I may be entitled under the law and the regulations to demand and receive, giving and granting unto said attorney full power and authority to do and perform all and every act or thing whatsoever requisite or necessary in and about the premises as fully and to all intents and purposes as I might or could do if personally present at the doing thereof; hereby ratifying and confirming all claims or other documents which said attorney may have filed or executed or may file or execute in this matter.

And I hereby request and direct that all correspondence, documents, warrants, or other data in connection with this matter be sent in care of EUGENE BERNSTEIN, 77 West Washington Street, Chicago 2, Illinois.

IN WITNESS WHEREOF I have hereunto set my hand and seal this 18 day of June A. D. 1954.

FILED

Paul De Lucia (SEAL)

JUN 18 1954

AT O'CLOCK 57 CV 154

ROY H. JOHNSON, CLERK

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

Be it known that on the 18 day of June, 1954 before the undersigned, a Notary Public in and for the State and County aforesaid, personally came and appeared one PAUL DE LUCIA to me known as the person described in and who executed the above Power of Attorney, and who acknowledged the same to be his free act and deed for the purposes therein set forth.

IN TESTIMONY WHEREOF I have hereunto set my hand and official seal the day and year last above written.

NOTARY PUBLIC

(SEAL)

FILED
DEC 20 1958
AT O'CLOCK
ROY H. JOHNSON, CLERK

Government Exhibit 223 | Defendants Exhibit | ( ) Iden. (X) Rec'd.
In the District Court of the United States, Northern District of Illinois, Eastern Division BEFORE MINER, J.
No.
Roy E. Fuller - Official Court Reporter

Paul & Nancy DeLucia
Computation of Net Income
For the Period 1948 - 1950 Inclusive

	1948			1950		
Cash in Banks - December 31st :	$	$	$	$	$	$
Northern Trust Co.		234.49			4,905.72	
1st State Bank-Forest Park		9,416.43	9,650.92		-	6,077.35
Total Expenditures-Parole Reports		217,107.37		120,933.14		118,770.76
Less:						
Funds Available- :						
Cash on Hand 12/31/47	48,697.01					
1st State Bank-Forest Park Loan	11,000.00					
Gross Farm Receipts	30,633.81	90,330.82		70,646.79		42,548.35
Net Expenditures			126,776.55		50,286.35	76,222.41
Total Funds to be Accounted For:			136,427.47		55,192.07	82,299.76
Less:						
Cash in Banks - January 1st:						
Northern Trust Co.			-		234.49	4,905.72
1st State Bank-Forest Park			-		9,416.43	-
Excess of Expenditures over Funds Available			136,427.47		45,541.15	77,394.04
Less:						
Depreciation - Allowable			3,810.84		8,938.26	12,838.90
Corrected Income:			132,616.63		36,602.89	64,555.14
Less:						
Standard Deduction:			1,000.00			
Itemized Deductions:					2,600.00	2,640.00
Net Income			$131,616.63		$34,002.89	$61,915.14

Government Exhibit 224 Defendants Exhibit ( ) Iden. (X) Rec'd
In the District Court of the United States, Northern District of Illinois, Eastern Division BEFORE HONORABLE JOHN P. BARNES, J.
Roy E. Fuller - Official Court Reporter

PAUL & NANCY DeLUCIA

Year Ended - December 31, 1948

COMPUTATION OF INCOME TAX FOR INDIVIDUALS NOT USING TAX TABLE

Net Income				$131,616.63
Less: Exemption (4) x $600.00				2,400.00
Income subject to tentative tax				$129,216.63
Income subject to tentative tax; one-half of such income if joint return				$ 64,608.31
Tentative tax				$ 37,914.48
Less:				
Tax Reduction:	$ 0 - 400	17%	$ 68.00	
	$400-100,000	12%	4,501.73	
Total Tax reduction				4,569.73
Combined Normal tax and surtax				$ 33,344.75
Multiply amount of combined tax by 2 if joint return				66,689.50
Income tax liability disclosed by return				-0-
Deficiency in income tax as claimed by Government				$ 66,689.50

FILED
20 1958
AT O'CLOCK
ROY H. JOHNSON, CLERK
154

Government Exhibit 225 Defendant's Exhibit ( ) Mkd. (X) Rec'd.

In the District Court of the United States, Northern District of Illinois, Eastern Division — BEFORE MINER, J.

Roy E. Feller - Official Court Reporter

PAUL & NANCY DeLUCIA

Year Ended December 31, 1949

COMPUTATION OF INCOME TAX FOR INDIVIDUALS NOT USING TAX TABLE

Net Income		$34,002.89
Less: Exemption (4) x $600.00		2,400.00
Income subject to tentative tax		31,602.89
Income subject to tentative tax; one-half of such income if joint return		15,801.44½
Tentative tax		5,106.68
Tax Reductions:		
$0- $400	17%	$ 68.00
$400-$100,000	12%	564.80
Total tax reduction		632.80
Combined normal tax and surtax		4,473.88
Multiply amount of combined tax by 2 if joint return		8,947.76
Income tax liability disclosed by return		-0-
Deficiency in income tax as claimed by Government - - -		8,947.76

FILED

JUN 12 0 1958

AT ____ O'CLOCK
ROY H. JOHNSON, CLERK

Government Exhibit 226 — Defendant's Exhibit — Identified

In the District Court of the United States, Northern District of Illinois, Eastern Division — BEFORE MINER, J.

PAUL AND NANCY DeLUCIA — No.

Roy E. Fuller - Official Court Reporter

Year ended December 31, 1950

COMPUTATION OF INCOME TAX FOR INDIVIDUALS NOT USING TAX TABLE

Net Income		$61,915.14
Less: Exemption (4 X $600.)		2,400.00
Income subject to tentative tax		59,515.14
Income subject to tentative tax, one-half of such income if joint return		29,757.57
Tentative tax		13,069.69
Tax Reduction:		
$0 - $400.	13% $ 52.00	
$400 - $100,000.	9% 1,140.27	
Total tax reduction		1,192.27
Combined normal tax and surtax		$11,877.42
Multiply amount of combined tax by 2 if joint return		23,754.84
Income tax liability disclosed by return		-0-
Deficiency in income tax as claimed by Government		$23,754.84

57 C 1154

FILED

OCT 0 1958

AT ____ O'CLOCK

ROY H. JOHNSON, CLERK